

**DEH SERVICE CONTRACT GUIDE  
(P-10)**

**VOLUME I**

**Final Submittal**

U.S. Army Engineering and Housing Support Center  
Fort Belvoir, Virginia

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**VOLUME I**

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## FOREWORD

1. This guide is designed to help installations conduct Commercial Activity (CA) reviews and prepare acquisition packages to obtain contract services in accordance with (IAW) the following publications:

a. Federal Acquisition Regulation (FAR) with DOD and Army supplements.

b. Office of Management and Budget (OMB) Circular A-76 with supplement.

c. AR 5-20 Commercial Activities Program.

***NOTE TO WRITER:** The DoD FAR Supplement (DFARS) provides uniform policies and procedures, implementing and supplementing the FAR. The Army FAR Supplement (AFARS) is not a standalone document and must be read in conjunction with the FAR and DFARS.*

2. The U.S. Army Engineering and Housing Support Center (USAEHSC) can provide additional guidance and assistance to users of this guide. Call the Management Branch at DSN 654-1565 or Commercial (703) 704-1565 for information on the following services:

a. On-site consultant services in the areas of developing Performance Work Statements (PWS), Quality Assurance Plans, Management Studies, and accumulating work load data.

b. Reviews of PWSs and management studies prepared by the installations with written comments and recommendations provided.

c. A library of contracting related documents that are available for mailing upon request.

3. Use of this guide should result in contracts that contain clear, concise and comprehensive Performance Work Statements (PWS's), Performance Requirements Summary (PRS) tables and Surveillance Plans. Contract administration information is also provided to assist in developing and monitoring a complete service contract.

4. For ease of use, this guide is published in three (3) volumes. Each part is indexed.

### Volume I

Part I - Management in the Contract Environment

Part II - General Contractual Information.

Part III - Technical Information and Recommended PWS's for CA Review Services.

Part IV - Source Selection and Evaluation.

Part V - Contract Administration.

Part VI - Quality Assurance Surveillance Plans.

### Volume II

Part VII - Recommended Solicitation Package

### Volume III

Part VIII - Quality Assurance Documentation.

5. Typical PWS examples for Army Real Property Maintenance Activities (RPMA) contracts are contained in Part III of Volume I and Part VII of Volume II. The PWS's are performance-oriented and written according to the Uniform Contract Format (UCF) prescribed by the FAR.

6. Recommendations or suggestions for improvement are invited and should be submitted to:

Director

U.S. Army Engineering And Housing Support  
Center

ATTN: CEHSC-FM-M

Fort Belvoir, Virginia, 22060-5515

Telephone DSN 654-1565 or Commercial  
(703) 704-1565 or (703) 704-1547.

The humankind pronoun he and other gender-specific terminology used throughout this guide are applied in the general sense of mankind and are intended to include both males and females.

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## INTRODUCTION

Army facilities engineers are under increasing pressure to improve productivity in base operations and services. This increase in productivity means that the Operations and Maintenance (O&M) dollars must be spent where they will do the most good. There will be less funding available for correcting decisions and deficiencies in contracts. Managers will remain responsible to the Commander to ensure that the mission is accomplished. Further, these managers will not be relieved of their responsibilities by contracting out the work.

PWS writers and all others involved in contractual matters have both a responsibility and a duty to develop the best possible PWS and acquisition package and to assure the mission is accomplished in the most economical manner possible within available resources. Doing it right the first time will preclude later problems.

Army managers must be well versed in areas other than their primary fields of endeavor. This is especially true for those such as a DEH who manages activities that provide services available from commercial sources. These managers must not only insure that satisfactory services are provided in the most economical, effective, and efficient manner possible, but must also work through others whom the managers do not control. This requires teamwork with only one goal - to serve the Government's best interests through effective management.

## HOW TO USE THIS GUIDE

1. Structure: This guide comprises three (3) volumes. Each volume is preceded by a table of contents and each part by an index. The guide is structured to allow independent use of each volume or individual parts within volumes. Familiarity, in detail, with the total guide is recommended for those installation personnel dedicated to accomplishment of the Management Study, Performance Work Statement (PWS), Quality Assurance Surveillance Plan (QASP), and contract solicitation and administration planning and preparation.

2. Uniform Contract Format: Parts III and VII are in uniform contract format. This format provides for contract SECTIONS "A" through "M", each of which comprises standard subject matter used in all service contracts. Parts III and VII are designed to give PWS writers detailed instructions on what is to be inserted in each section of a uniform contract document.

3. Notes to Writer: Users of this guide will see the phrase NOTE TO WRITER throughout the guide. When the phrase occurs, instructions follow for PWS writers and other users that clarify, expand upon, or recommend change to the standard statements or other information provided so that requirements peculiar to the individual installation can be addressed. These notes should be carefully read in context with the guide paragraphs for clear understanding.

4. Language of the Guide: Users will quickly become aware that contract terms and language are used throughout the guide. Similarly, the volume-part structure is that of the FAR. The purpose of their use in the guide is two fold; first, to allow functional managers to develop complete acquisition packages in appropriate contract language that states exactly what the DEH requires; second, to educate DEH users in contract terminology and Directorate of Contracting (DOC) users in DEH functions.

5. Use of Volume I:

a. Part I relates to the overall management of DEH operations in the contractual environment. It provides an overview of the parts of the Commercial Activity (CA) Study process and can be used by those new to the CA environment to familiarize themselves. It contains information that is addressed in greater detail in other parts of the guide.

b. Part II relates to acquisition policy and procedures. It can be used to gain summarized information and references on acquisitions and on various contractual matters of importance to the DEH.

c. Part III relates to contracting for CA Study review services when adequate resources are not available in-house. It can be used to develop a PWS for CA Study review services. It can also be used by in-house study teams as a guide to the CA study process.

d. Part IV relates to source evaluation and selection when offers are obtained by Request for Proposal (RFP) solicitation methods. It can be used to gain information on responsibilities of source selection officials and on the elements of source selection teams and procedures.

e. Part V relates to contract administration matters of importance to the DEH. Parts V, VI and VII can be used to develop the DEH portion of the total contract administration and quality assurance surveillance plans.

f. Part VI relates to quality assurance surveillance plans associated with the PWS. An information copy of the plan must be included in all CA Studies.

6. Use of Volume II:

a. Part VII can be used to develop PWS for major RPMA functional areas. It provides standard statements that can be used with or without revision, as appropriate, usually explained by NOTES TO WRITER.

b. Part VII also contains instructions and examples that can be used to complete SECTIONS A through M of a solicitation package.

7. Volume III:

Volume III is a model surveillance plan based upon requirements expressed in Volume II (Part VII).

**PART I**

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## PART I

### MANAGEMENT IN THE CONTRACTUAL ENVIRONMENT

#### INTRODUCTION.

1. Purpose: The purpose of this part is to provide basic operational information on the Commercial Activities (CA) Program as it applies to the Directorate of Engineering and Housing (DEH) functions.

2. Definitions: The following definitions apply to procedural activities which make up the major elements of the CA process:

a. The Management Study - The vehicle whereby a Most Efficient Organization (MEO) for future operations of the DEH is determined.

b. Performance Work Statement (PWS) - A technical description of tasks to be accomplished within specified time limits and acceptable levels of quality.

c. In-House Costs - Development of the cost of operation of the MEO. This cost will be compared against a selected Contractor's best and final offer to determine in-house or contract operation. This in-house cost computation must be audited by an independent auditing agency (e.g., Army Audit Agency).

d. Acquisition Plan - A detailed plan describing contractual procedures to be used should a final decision for contract operation be made. Service acquisition of \$5,000,000 or more annually, or \$15,000,000 total, including all option years, require plans to be approved by MACOMS IAW AFARS Part 7.

e. Solicitation/Evaluation - The development of the solicitation package, starting with receipt of the PWS by the acquisition office, necessary reviews and revisions, followed by solicitation for bids or proposals. The solicitation and evaluation plan provides the detailed procedures used to evaluate proposals including evaluation of costs, as well as management capability and technical capability of bidders to accomplish terms of the proposed contract. Part IV of this guide describes the source selection and evaluation process.

f. Army Audit Agency (AAA) Audit - The

independent audit agency used by the Army for audit of the Management Study, Performance Work Statements, and In-House Costs.

g. Contract Award/Cancel Solicitation - Includes comparison of the In-House Cost/Bid with the one best and final offer selected as a result of solicitation/evaluation, and a period set aside for administrative appeals and development of a decision summary, pending receipt from HQ Department of the Army of approval to award a contract or cancel the solicitation.

h. Decision Implementation - Transition (or conversion) from current operation to contract mode of operation or to implement the MEO.

3. Scope: This part provides ready reference to information available to accomplish planning and implementation of activities necessary to a successful CA study. The DEH serves as a major participant on the installation team formed to accomplish the CA study. Other major participants include the Contracting Office and CA program management representatives from the Directorate of Resources Management. Other important participants are Civilian Personnel Office representatives, Manpower Management personnel, and legal representatives who assist with MEO, Reduction In Force (RIF) planning, and legal matters related to the CA study.

#### 4. General:

a. It is important to remember that economy, efficiency, and effectiveness of operation are the foremost objectives of the CA program. It is equally important to remember that whatever the CA study outcome the DEH will remain responsible to the commander for the RPMA activities and to insure that the mission is accomplished. Therefore, it is imperative that DEH, CA program management, Contracting Office, Civilian Personnel Office and Manpower personnel that form the CA study team realize that future operations, whether accomplished by contract or by an in-house work force, must insure that the mission is accomplished.

b. Complete cooperation and maximum contribution is required by each team member from study initiation

to completion. Functional needs of the DEH must be met by insuring that contractual requirements are properly defined and that the proposed Most Efficient Organization (MEO) can accomplish required operations while allowing the in-house work force to be competitive.

c. In-house force loss and contract problems subsequent to contract award are generally directly attributable to a failure to develop a good PWS and contract administration plan.

## **THE MANAGEMENT STUDY.**

1. General: A Management Study, or efficiency review if applicable, must be accomplished on every Commercial Activity (CA) as the first step in the CA process. The management study team conducts a detailed examination of work being accomplished to determine:

- a. How work is presently being accomplished.
- b. By whom work is presently being accomplished.
- c. Why work is being accomplished.
- d. When work is being accomplished.
- e. Where work is being accomplished.
- f. What work is being accomplished.

2. Purpose: The purpose of the Management Study is to:

- a. Determine if any work presently being accomplished can be deleted.
- b. Determine all required work to include any new or expanded requirements.
- c. Analyze work and in-house operations to insure the most effective, efficient, and economical operations.
- d. Meet agency objectives in quality.

The DEH is responsible to address any weakness seen in the management study; to include PWS, workload data, and MEO; in writing to the installation commander for resolution prior to the commander's approval of the

management study.

3. Relationship to Performance Work Statement (PWS):

The management study develops an organizational structure for in-house accomplishment of necessary work which must compete with potential commercial sources. The "common ground" between a Contractor's proposal and in-house accomplishment is the PWS. The PWS must describe the necessary work with sufficient accuracy and detail to allow complete understanding by all interested parties of the work and acceptable standards. The management study and PWS are interdependent.

4. Most Efficient Organization (MEO): The organizational structure developed by the management study process to accomplish necessary work by in-house effort is known as the MEO. The MEO, together with other information developed by the management study (e.g., equipment used, sources of supply; etc.) are used as the basis for the in-house bid which is eventually compared to a selected Contractor's bid in determining whether the work will be accomplished in-house or by contract.

a. A "strawman" organization is developed using non-contractible positions that support Government-In-Nature (GIN) functions. GIN functions must remain in-house even if a decision to operate by contract is made as a result of the CA study. Development of a "strawman" organization (initial proposed GIN staff) is important as this is used to begin initial development of the PWS for contractible positions. The "strawman" should be developed at the beginning of the study and the DEH must provide input to insure the best possible MEO.

b. When developing the MEO, a close examination of the total DEH organization must be made. Experience indicates that emphasis is often placed on the contractible positions of the MEO at the expense of GIN positions with resulting inadequacy in GIN staffing when the CA study results in a decision to operate by contract.

c. The following issues should be emphasized:

(1) The MEO must be organized for the most economical, efficient, and effective accomplishment of operational and service requirements that is possible. The MEO and PWS must account for the same workload factors.

(2) The GIN staff must be organized to facilitate total DEH operation whether the operation is

performed in-house or by contract. The total organization must be structured as efficiently and effectively as is possible.

(3) CA policy establishes maximum Contract Administration spaces (see OMB Circular A-76 and AR 5-20) authorized inclusive of Contracting Office, Contract Administrator, managers outside DEH operations as well as those within DEH dedicated to Quality Assurance and Inspection. Certain positions, part of the GIN staff, are included as part of the cost of operating by contract. Adequate contract administration may require additional staffing. Justification and approval is required by DA to exceed the maximum contract administration spaces authorized by AR 5-20. (Authorization for additional staffing requires establishment of staff levels based upon PWS tasks and the Quality Assurance Surveillance Plan.)

(4) GIN staff not associated with full time contract administration or surveillance are not part of the cost of contracting out work. Positions so established in the Management Study can, however, assist with contract operation part-time and can provide coordination expertise, supervision and operation of non-PWS-described DEH operations.

(5) DEH GIN staff functions impacting on or made part of the administration of a contract resulting from the CA study should be agreed to and stated in a Contract Administration Plan so that Contractor, Contracting Officer, DEH, and other activities understand Government and contractor staff functions, responsibilities, and interface aspects. A complete plan, including responsibilities or duties not a part of DEH, is essential.

#### 5. The Management Study Team:

a. The team should be composed of personnel with experience and training in management analysis, manpower position classification, work measurement, value engineering, CA program management, industrial engineering, and other supporting personnel as necessary. (Part III of this guide contains additional detail.) The Civilian Personnel Office will participate by developing position descriptions for the MEO, including DEH contract administration and QAE personnel and by developing the selection process and training programs needed for QAE personnel and any new MEO positions.

b. Experience indicates a need for early identification of candidates to fill QAE positions. These people then

receive QAE training and should be placed in QAE positions as part of RIF procedures should a contract decision be made. This must be done to provide qualified inspection of any contract resulting from the CA study from its start date. The most important members of this team will be people from the function under review. It is well worth the sacrifice to detail capable DEH personnel to full-time duty with the management team and accompanying PWS preparation to insure functional requirements are properly and completely addressed.

#### 6. Sources of Information on Ways to Improve Organization and Efficiency:

a. Suggestions from employees and their unions must be solicited. They are probably the most important source for information or recommendations for improvements to the in-house organization and for accuracy of the PWS. Their participation and the disposition of their comments and suggestions will be recorded in the MEO management study documentation, which must be reviewed later by auditors. Employees, particularly functional supervisors/foremen, are an excellent source of work load data, should automated or "hard copy" file sources be lacking. They know what they have accomplished, how, and when. Signed statements as to such work load incorporated into the management study documentation would provide suitable information if accurately stated and sufficiently verified. Discuss employee ideas with them and make use of these ideas where appropriate. Remember, team play is an essential element for success. Pay particular attention to telling employees about the study, the method to be used, and how and why specific data are collected.

b. The MACOM, HQUSACE, and USAEHSC have information on Management Studies, Lessons Learned from previous studies and contract operations, and publications providing guidance on improving efficiency and effectiveness of an organization.

#### 7. Procedures:

a. Before beginning the study, consider the following:

(1) Determine resources required. Personnel allotted to the study can determine techniques used. Experience in work management, manpower management, personnel classification and training and, most important,

technical expertise in studied areas are minimum qualification requirements for study personnel. The most knowledgeable and experienced personnel available should be utilized.

(2) Techniques include work distribution charting, flow process charting, layout analysis, task and activity lists, work sampling, technical and statistical elements and similar methods for defining what work is to be done and for establishing better procedures in its accomplishment.

(3) Identify both historical and projected workload data. Collect service orders (SO), standing operating orders (SOO) and individual job orders (IJO) covering functional areas for as long a period as possible. Integrated Facilities System (IFS) reports provide information needed if accurate and available. Historical data covering at least a one (1)-year period is desirable; three (3) years is preferable. If records or automated information are not complete, use the work force as described above to develop data. Insure that workload (service requirements) and historical data covering previous work performed do not confuse potential Contractors or Contracting Officers as to actual need.

(4) Review all available documents relating to the function such as standing operating procedures (SOPs), past manpower surveys, any previous studies conducted, regulations, and directives.

b. Insure that both the MEO and the PWS address only necessary work that is included in the acquisition package. The CA Management Study and the development of PWS should be performed concurrently. A job analysis must be accomplished in the initial stage of both management study and PWS. This insures that the management study develops, documents and evaluates the MEO based on current outputs, standards, and management flexibility, and are not based on old outmoded methods and procedures.

c. Tasks are identified by job analysis including best ways of MEO accomplishment. Examples of methods used to identify best ways of accomplishment follow:

(1) Changing procedures (e.g., use of multi-skilled work force).

(2) Revising paper flow (e.g., keep mechanics

paper work to a minimum).

(3) Changing the layout of facilities (e.g., placing internal storage as close as possible to processing equipment).

(4) Changing equipment (e.g., a multi-functional sweeper, vacuum, sprinkler for streets instead of individual functional items).

(5) Reduce staffing (e.g., elimination of redundant supervision, leaders, and tasks; decrease hierarchical levels; increase supervisory span of control and/or eliminate nonessential positions).

d. The staffing proposed by the MEO management study must be related to an achievable, but acceptable level of services.

e. Look at any administrative and regulatory requirements that reduce or restrict productivity. Agencies should request through proper channels that directives or regulations hindering productivity and efficiency be changed or deleted, or that exceptions be made to them.

f. To succeed in improving efficiency examine each job or part thereof. Eliminate anything not needed.

8. Competing with the Private Sector: Studies have shown that agencies need to develop better MEOs to be competitive with private Contractors. If your management study team is creative and innovative, this can be done. Suggestions for cutting costs include:

a. Reduce non-productive time.

(1) Reduce transportation delays by obtaining adequate vehicle support, monthly dispatches, and after-hour refueling of support vehicles.

(2) Eliminate the use of two (2) workers on jobs requiring only one (1) worker.

(3) Eliminate returning to the shop for coffee and lunch breaks; stock maintenance vehicles with parts and tools so workers do not have to make unneeded trips for these; equip vehicles with a radio so supervisors can issue new assignments via radio. Consider delivery of stock to job sites by other means when appropriate.

- (4) Plan work to minimize travel time.
- b. Improve personnel management.
  - (1) Maximize use of multi-skilled employees.
  - (2) Eliminate any redundant shop, section, branch or other supervision.
  - (3) Eliminate use of journeymen-level craftsmen for low-skill-level tasks.
  - (4) Use supervisors efficiently. Working supervisors, (those who supervise as well as perform hands-on work), are prevalent among organizations that are successful in retaining functional operations in-house.
  - (5) Maximize use of part-time employees.
- c. Increase productivity through better use of equipment.
  - (1) Lease or rent equipment needed to become more productive.
  - (2) Manage tools efficiently; i.e., establish a centralized DEH tool crib or require that maintenance personnel provide their own common hand tools. The practice of Government personnel providing their own common hand tools must be incorporated into union collective bargaining agreements and job descriptions.
- d. Reduce delays due to material and supply problems.
  - (1) Properly manage DEH shop stocks.
  - (2) Make maximum use of blanket purchase agreements to speed acquisitions of materials available from local commercial sources.
  - (3) Check the feasibility of establishing dedicated buyers (e.g., ordering officers) for RPMA supplies.
- e. Periodically, USAEHSC publishes lessons learned studies which offer more detailed suggestions regarding DEH competition with private Contractors. The reports are stocked by USAEHSC and are available upon request.

9. Treatment of CA Sensitive Information: Throughout the entire CA process, any sensitive information that could compromise the in-house cost estimate should not be released to the public. Installations initiating CA cost studies must identify non-releasable information and its sources at the beginning of the study process. This will preclude premature release of information that should have been protected or arbitrary denial of information that is releasable. Information that is exempt from disclosure under the Freedom of Information Act includes but is not limited to:

- a. The management study that developed the MEO.
- b. The proposed TDA for the MEO including any Schedule X developed in support of the MEO.
- c. Backlog of Maintenance and Repair (BMAR) reports.
- d. RPMA and Housing Annual Work Plans.
- e. Red Book - Technical data report information contained in Volume III.

10. Certification of Management Study and MEO: Once the management study is complete, the Commander of the installation or designated representative must certify to the efficiency and cost-effectiveness of the in-house organization used for the in-house cost estimate. The certification will be made part of the management study and a copy attached to the in-house cost estimate when it is submitted to the Contracting Officer.

11. MEO Implementation: The MEO will be implemented as soon as the management study is approved. This results in early realization of savings from the MEO recommendations. It also tests the ability of the MEO to perform and also allow use of the Quality Assurance Surveillance Plan to determine if it is accurate and if work is accomplished as stated in the PWS.

12. References:

- a. OMB Circular A-76, Part III.
- b. AR 5-3 Installation Management and Organization.

- c. AR 5-20 Commercial Activities Program.

*NOTE: The above references provide overall guidance and requirements in conducting Army CA management studies.*

- d. OFPP Pamphlet No. 4, Chapter 2 (Also found as Part II of supplement to OMB Circular A-76.)

*NOTE: This reference provides guidance on how to perform a job analysis, a very important part of developing the MEO and PWS.*

- e. DA Pamphlet No. 5-3, Chapters 5-7.

*NOTE: This reference provides guidance on management improvement techniques and provides guidance on how to use work measurement, the flow process chart, the work distribution chart, and other management analysis techniques.*

- f. DA Pamphlet 715-15, Service Contract Administration and Appendix BB of AFARS, Installation Support Services Contract Administration.

*NOTE: This reference provides guidance for administering all types of Army service contracts.*

- g. Productivity Ideas for Army Real Property Maintenance Activities.

*NOTE: This reference is a Corps of Engineers publication that shows ways managers can be more productive.*

## **THE PERFORMANCE WORK STATEMENT.**

1. **General:** By definition the Performance Work Statement (PWS) is a performance-oriented technical description of tasks to be accomplished within specified time limits and acceptable levels of quality. The technical description of work must be sufficiently accurate to accommodate preparation of competitive bids or proposals for complete and satisfactory accomplishment of the necessary work associated with the function/functions under CA study.

2. **Purpose:** The purpose of the PWS is to:

- a. Describe only that work necessary for function accomplishment and provide the description of tasks

common to both in-house (MEO) or contract accomplishment of work necessary for function accomplishment.

- b. Provide technical and contract management information necessary to mission accomplishment of function under study.

- c. Insure that work is accomplished to acceptable standards and that mission is accomplished.

3. **Job Analysis:** The PWS and management study are interdependent and a job analysis is a first step in accomplishment of both. Job analysis determines the following:

- a. Work presently being accomplished that can be eliminated from the PWS and from planning for the structure of the MEO.

- b. Those tasks necessary to functional accomplishment.

- c. Task accomplishment in the most efficient, effective way possible for inclusion in MEO structure planning.

- d. Governmental-in-nature tasks (GIN) which are not included in the PWS, but are included in MEO planning to insure a GIN staff is provided that can support DEH operations whether functions under study are carried out by in-house or contract means.

- e. Means of task measurement which can be used in developing a Quality Assurance Surveillance Plan (QASP).

4. **Relationship of PWS to QASP:** A QASP establishes a means of measuring and inspecting work described in the PWS to assure its accomplishment within described levels of acceptable output. These levels are identified for each PWS task described and are included in a performance requirements summary table. The QASP itself is provided to potential Contractors, for information purposes only, with the solicitation. It is referenced in the PWS but is not a formal part of it. To accomplish its purpose, the QASP must be prepared in close conjunction and coordination with PWS preparation.

5. **The PWS Team:** The PWS team is made up of representatives from the DEH, Director of Resource

Management (DRM) and the contracting office. All of these participate in the total effort associated with the CA study. The following matrix helps define some of these roles and responsibilities. The DEH must take the lead in development of the PWS in order to insure that the mission is accomplished.

**NOTE:** R=Responsible, A=Assist, N=None.

Activity/Task	DEH	DRM	CONTRACTING OFFICE
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Define Work, Surveillance and Cost:

a. Prepare PWS	R	A	A
b. Prepare QASP	R	A	A
c. Perform Cost Study	A	R	A

Source Determination

a. Develop Sources	A	N	R
b. Prepare Solicitation	A	N	R
c. Conduct Prebid Conference	A	N	R

Activity/Task	DEH	DRM	CONTRACTING OFFICE
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Buy Service

a. Analyze Bids	A	A	R
b. Conduct Pre-Award Survey	A	N	R
c. Award Contract	A	N	R

6. **Writing the PWS:** Once Job Analysis has identified tasks to be performed in sufficient detail to support the type of contract selected, writing the actual PWS is relatively easy. What remains is to use a format and use words which express the requirement in clear, simple, and unambiguous terms. Standard terms and statements should be used if available.

a. The Uniform Service Contract Format is usually used with the PWS. The PWS format consists of the following described parts which will normally be SECTION C of a solicitation and any resulting contract.

(1) Scope - Provides a broad overview of the work requirements, personnel related matters and, most importantly, contains a part that states clearly the Contractor's specific responsibility for quality control.

(2) Definitions - Includes all special and technical terms and phrases used in the PWS. These definitions must clearly establish what is meant so that disinterested parties will fully understand them.

(3) Government-Furnished Property and Services - Describes accurately what will be provided. If lists are lengthy, make this a technical exhibit or attachment, include it at the end of the PWS, and make it part of the PWS by reference to the technical exhibit or attachment number.

(4) Contractor-Furnished Items - Accurately describe all items that the Contractor must provide. Use a technical exhibit or attachment as with Government-furnished items if appropriate.

(5) Specific Tasks - All major tasks identified by Job Analysis for inclusion in the PWS appears here.

(a) Group according to function and task identified by Job Analysis.

(b) At the same time, group performance indicators, standards, and acceptable quality levels by

tasks are identified in accomplishing each function. This grouping is used to develop the Performance Requirements Summary Table(s).

(6) Applicable Technical Orders, Specifications, Regulations, and Manuals - List each, to include any changes, that are applicable, their dates, what happens if they change and state whether they are mandatory or advisory to the Contractor. Reference chapter and verse applicable to contract if the total regulation, etc., is not applicable.

(7) Technical Exhibits - Identify and list items too bulky to include in the PWS or information helpful to the Contractor and state where located for Contractor review if not provided along with the solicitation.

b. Composition of the PWS must define and express each requirement so that contractual requirements are met without Contractor advantage or Government disadvantage, and include the following considerations:

(1) Style - Include all essential information in its simplest presentation.

(2) Language - It must be clear, exact, concise, and unambiguous.

(3) Ambiguity - Terms that are indefinite, have double meaning or which otherwise lend themselves to multiple interpretations must be avoided.

(4) Misused words and phrases - Intended meaning is often changed through misuse of words and phrases (e.g., the word "shall" specifies a binding provision. "Will" expresses action on the part of the Government).

(5) Spelling - Use standard spelling of words.

(6) Punctuation - Use simple, short, and concise sentences keeping punctuation to a minimum.

(7) Abbreviations - Use only after showing in parentheses immediately after first use of spelled out word or phrase to be abbreviated.

(8) Sentences - Clarity is the overriding requirement for sentences.

(9) Paragraphs - States a simple idea and elaborates on it.

c. Data submissions - Requirements placed on the Contractor for submission of data, forms, and reports should be included as an exhibit or attachment which consists of items listed on DD Form 1423, Contract Data Requirements List, or other form. Data items are described on DD Form 1664, Data Item Description, or other form, and also become part of the exhibit or attachment.

7. Work Load Data and MEO Audits: In its Commercial Activity (CA) Study audits, the Army Audit Agency will not accept inclusion of workload that is not adequately documented. The installation must establish an audit trail for workload. The following are methods to establish a trail that will generally be acceptable.

a. Develop a complete and correct inventory listing of all facilities and equipment to be operated and maintained. The listing must show numbers, sizes, age, condition, and other information that will affect costs to operate and maintain these. Incorporate into the PWS.

b. Develop a good preventive maintenance (PM) program as required by DODI 4165-64, 23 May 1985. The PM program must establish frequencies of inspection and PM operations. Incorporate into the PWS.

c. Record all unscheduled operations, maintenance, and repair. These records may be automated or manual. Manual records include reports, work control desk logs and records, work order documents, shop reports and logs and records, or supervisor and individual craftsman notebooks. Records should indicate numbers of jobs, dates performed and craft or shop. Reports, project boards or budget records may indicate new work requirements not included in other records. Provide as historical data or new work as applicable.

d. Interview supervisors and craftsman. These interviews may identify work that is not recorded or identified elsewhere. Such work is often identified on work control documents as PM and not separately identified as unscheduled maintenance or repair as it should have been. Document and have the individual certify such work. Such documents should be used only when no other records are available and must be well documented. Provide as historical data.



e. A good industrial engineer or management analyst with training in engineering techniques can estimate workload. Such estimates are generally accurate to

within a few percentage points. Provide as estimated workload.

f. Sampling techniques should be conducted which will help verify that work is, or is not, completely documented. For work that is not fully substantiated by historical records, use industrial engineering techniques such as work sampling, synthesized standards, industry standards, and normal time allowances for indirect work and personnel time.

g. Verified Integrated Facilities System (IFS) workload data can be used. However, where inadequacies in the IFS exist, use of IFS reports is not mandatory in establishing workload data. Alternate manual or other ADP supported workload data should be used if available.

***NOTE:** The importance of the PWS cannot be overstated. To be effective, it requires dedicated work by the DEH personnel assigned to its preparation and complete cooperation and assistance from other CA team players. The PWS describes the DEH operation subsequent to CA review and must provide for satisfactory accomplishment of all work described whether the final decision is for in-house or contract accomplishment of operation. Implement and test the MEO upon approval.*

## **QUALITY ASSURANCE SURVEILLANCE PLAN**

1. General: Another equally important endeavor of the DEH is to develop a Quality Assurance Surveillance Plan (QASP). As indicated above the QASP must be accomplished in close coordination with the management study and preparation of the PWS. The foundation of the QASP is the Performance Requirements Summary (PRS) (See DA Pam 715-15). The PRS lists each service task to be performed in accomplishing the required function and includes an Acceptable Quality Level (AQL) for performance of that task. AQLs represent the expected level of performance of tasks by Government employees and which in turn are represented by the quality standards expressed in the solicitation and any contract awarded. Part VI of this guide provides guidance to develop the QASP.

2. Purpose: The purpose of the QASP is:

a. To develop and implement contract inspection/surveillance procedures to assure that the Government is getting the services contracted for. The QASP should be considered a part of the total contract administration plan.

b. To provide a means for surveillance and documentation of Contractor work performance and for the evaluation of that work performance so that conclusions on its acceptability may be made.

3. Responsibilities: It is the responsibility of the DEH to develop and implement (subject to approval of the Contracting Officer) the QASP. The QASP should illustrate step by step how the Government will inspect, observe, test, sample, evaluate, and document Contractor performance. As with other activities associated with the CA study process, the DEH should not work alone. The following matrix addresses involvement of other CA team players.

NOTE: R=Responsible, A=Assist, N=None.

Activity/Task	DEH	DRM	CONTRACTING OFFICE	
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Qualify

a. Surveillance	A	N		R
b. Request Modifications of PWS	A	A*		R

Administer

a. Make Modifications	A	N		R
b. Conduct Progress Meetings		A	N	R

Evaluate Work

a. Inspection		R	N	A
b. Acceptance	R	N	A	

\*This assistance would be during the CA study prior to final solicitation and would be reflected in the MEO as well as PWS.

4. Relationship of QASP to Management Study and PWS. The Management Study, PWS and QASP are interdependent. As each of these is developed, it becomes a check on the accuracy of another.

a. The Management Study determines necessary work to be accomplished and the most efficient means of accomplishment.

b. The PWS describes this work in general terms and describes in the PRS the level of quality which is acceptable for accomplishment of tasks.

c. The QASP tests the validity of work described and identifies how it can be measured to assure that the specified quality is obtained.

5. The QASP Team: The DEH is responsible for QASP preparation and should make use of resources within the DEH organization in actual QASP development and its accomplishment. The day-to-day in-house operation of the function under study includes a formal or informal inspection of task accomplishment. Use of the following described personnel for inspection and surveillance is recommended.

a. Functional managers or technical personnel assigned to the Engineering Resources Management Division.

b. Contracting Officer Representatives (COR's) or inspectors presently assigned to other DEH contracts or performing contract-related functions requiring inspection knowledge (see AR 5-20).

c. Qualified personnel from functional areas under study such as shop foremen, lead workers, or mechanics.

6. Procedures:

a. While the PWS writer is identifying requirements, the QASP writer is verifying them to include frequency of accomplishment, means of accomplishment, and most important, validity of accomplishment. Historical workload data such as is available from IFS, FESS, property books, site drawings, and other collected data must be obtained. This data will be used for forming performance indicators to measure the service requirements listed in the PRS. With this information available the stage is set for developing the QASP.

b. Surveillance begins on the contract start date, with the service requirement identified in the PWS. Standards, performance indicators, and Acceptable Quality Levels (AQL) associated with the service requirement are identified in the PRS. These aids provide guidance in service requirement accomplishment which should be an end result acceptable to the Government. Quality Assurance Evaluators (QAE's) use these aids in performance evaluation of work accomplished. The AQL provides the QAE with a basis for lot sizes (e.g. for a task identified as Preventive Maintenance (PM)-Family Housing, the lot size could be all family housing units scheduled for PM in one

week). A sample size is determined from the lot size. Samples for evaluation are determined through use of random numbers tables. The QAE will use a method of surveillance identified in the PRS.

*NOTE: Agencies shall ensure that no contract precludes the Government from performing inspection IAW FAR 46.102 and DFARS 246.102.*

c. Examples of methods of surveillance include (in order of most frequent use).

- (1) Random Sampling.
- (2) Planned Sampling.
- (3) 100 percent inspection.
- (4) Validated customer complaints.
- (5) Unscheduled inspections.

More than one of these methods may be shown for each service requirement. The QAE will also use an evaluation checklist to determine whether performance is satisfactory or unsatisfactory. This is a detailed checklist developed as part of the QASP which identifies inspection criteria and numerical scoring necessary to an evaluation of each task/service requirement shown in the PRS. Using the checklist, an evaluation decision is made. Based upon the decision of the Contracting Officer, which is well documented on a properly prepared checklist, a reduction from payment requested for the service requirement may result and be applied to a contractor's invoice requesting payment for services.

d. The Contracting Officer must provide the Government QASP along with the CA invitation for bids or request for proposals to assist potential Contractors in developing cost/prices and their quality control program. Therefore, no CA cost review solicitation should be released without a QASP attached for information purposes.

7. QASP Administration:

a. QASP administration is shared by the DEH, the contracting office and other elements such as safety and security offices. Staffing levels are based upon the MEO staffing developed to accomplish in-house operation of the function under study. The following table presents an idea of staffing that is authorized without formal DA approval.

## CONTRACT STAFFING

MEO STAFF	CONTRACT ADMIN STAFF
1-10	1
120-150	6
223-265	9
683-800	16
Above 800	2% of MEO

As an example: If the MEO for in-house accomplishment of DEH operations was established at 140, the contract administration staff for a contract resulting from the CA study would be six (6) in number. (A complete staffing chart is found in Table 3-1, Part 4 of the supplement to OMB Circular A-76.)

b. Authorized staffing is austere and a waiver for additional staffing is extremely difficult to obtain. Approved waivers are usually based upon a well-developed QASP which identifies all requirements from which valid staffing can be justified (e.g., where contract performance covers an extremely large geographical area).

8. Conclusion: The QASP planning needs are summarized below:

a. Make sure the QASP is developed concurrently with the management study and the PWS and IAW DA Pamphlet 715-15 and current DA and OMB policy.

b. Test the QASP against the PWS using the in-house work force.

c. Develop the QASP before the Contractor has started work. Without a workable QASP from start of contract, any evaluation of Contractor performance will have little meaning for deducting or awarding of incentive fees based on contract performance.

9. References:

a. OMB Circular A-76 Performance of Commercial Activities.

b. AR 5-20 Commercial Activities Program.

c. Part II to supplement to OMB Circular A-76.

d. Appendix BB of AFARS, Installation Support Services Contract Administration.

e. DA Pam 715-15 Service Contract Administration, chapter 4.

f. Military Standard 105E.

g. USACERL, Quality Assurance Inspection Guide.

## **SOURCE EVALUATION AND SELECTION**

1. General:

a. The DEH works routinely with contracts, Contracting Officers, and Contractors to accomplish major repair, maintenance, and improvement projects on the installation. Contracts involved usually result from an Invitation for Bid (IFB) issued to potential Contractors by the Contracting Officer. Contracts resulting from an IFB are usually awarded based upon the lowest bid made by a responsive, responsible Contractor to accomplish the work described in the solicitation.

b. Multi-function contracts resulting from CA studies normally involve another form of solicitation - the Request for Proposal (RFP). An RFP issued by the Contracting Officer requires potential Contractors to submit information in addition to costs. RFPs require evaluation by the Government on the potential Contractor's ability to accomplish the work described in the PWS. Evaluation of all proposals (cost, management, technical) is made to determine the proposal best suited for accomplishment of the work. This best proposal is then compared against the in-house estimate of MEO costs to determine if the studied function will be accomplished by Government in-house effort or by contract. The procedures used in the evaluation process are known as Source Evaluation and Selection. Part IV of this guide covers source selection and evaluation in detail.

2. Purpose: The purpose of Source Evaluation and Selection is to:

a. Evaluate all proposals received by the Contracting Officer according to procedures identified in the solicitation.

b. Identify proposals deemed unsuitable to accomplish the PWS.

c. Identify proposals deemed suitable to accomplish the PWS.

d. From those proposals deemed suitable, identify the one (1) proposal that appears most advantageous to the Government in accomplishing the PWS.

3. The DEH Role: The role of the DEH in the CA process places him in a critical, yet difficult, position during the solicitation process. The management study results in an in-house MEO that will compete with potential Contractors for accomplishment of DEH activities. The DEH as the functional manager represents that MEO and in a sense is a "bidder" or "potential Contractor" in the solicitation process. On the other hand, as the cognizant technical official he serves as the technical evaluator for the solicitation. This difficult position requires planning early in the CA study to ensure that the DEH and DEH staff are segregated to adequately serve both responsibilities without conflict of interest.

4. Conclusion: The following important points are provided for the DEH to consider in planning for the evaluation process.

a. Become familiar with the FAR Subparts, especially those that address source evaluation so that there are no procedural surprises and all evaluation roles and responsibilities are fully understood.

b. Consult with the Source Selection Official (SSO) or Contracting Officer, as applicable, so that the Contractor's technical qualifications will be given proper consideration in the source selection. Have a clear understanding of the information that the DEH, in his dual hatted, bidder/cognizant technical official, role can have access to during the solicitation and evaluation process.

c. Identify installation DEH employees who are technically qualified and sufficiently familiar with the installation and the necessary maintenance work required, and who will be available to sit on the technical evaluation board or committees. Do this as early as possible since activities of employees in the management study process, or for other reasons, may preclude their use as board or committee members due to conflict of interest. Review proposed board membership with the Staff Judge Advocate

(SJA) to assure that conflict of interest is not a problem.

d. Staff the board at 200 percent of requirements since retirement, possible RIF actions and other unknowns may considerably diminish personnel available.

e. If sufficient DEH personnel are not available get technically qualified help elsewhere (e.g., recent retirees, reciprocity with other installations, MACOM, etc.).

## **CONVERSION TO CONTRACT - TRANSITION AND PHASE-IN.**

1. General: The last phase of the CA process is decision implementation. If the final decision results in operation by contract then conversion from in-house to contract operation is required. All too often in the long CA review process, the decision to retain DEH operations in-house or contract for DEH operations is viewed as the end of the CA review process. Planning for conversion to future operation is too often neglected. Planning is essential to the success of future operations.

2. Definitions:

a. Conversion: The entire process of converting from an in-house operation to a contract operation, including the transition and phase-in periods.

b. Transition Period: That period established in the solicitation (usually 60 days) allowing for Contractor interface with in-house activities and leading to a smooth contract start. The transition period occurs before contract start. Contractors normally mobilize their equipment and work force during this period in order to begin full operation on contract start date.

c. Phase-in Period: That period established in the solicitation (also usually 60 days) allowing for phase-in of Contractor effort to full performance level. The phase-in period occurs after contract award. This phase-in is accomplished at a reduced cost and this period is not included in the cost evaluation. The cost evaluation is limited to the period from full contract performance start date to end of all option periods.

3. Purpose: The purpose of conversion planning is to accomplish the following:

a. Maintain continuity of operations at a high level of performance with the least impact on existing installation personnel.

b. Transfer property, systems, and jobs-in-process with minimal difficulty.

4. Planning Considerations :

a. Personnel Turbulence :

(1) It is a grave error to expect that the full in-house work force will stay on board until the day before the contract begins. In fact, many personnel begin to leave before the initial decision announcement date in anticipation that the work will be contracted out. If the initial decision is to operate by contract, the remaining in-house staff will start leaving immediately after the announcement of that decision. Permanent replacements cannot be hired because of the Civilian Personnel Office (CPO) desire to have a bank of vacancies for which personnel displaced by a possible Reduction in Force (RIF) can qualify.

(2) The residual DEH organization that results from reassignment due to RIF proceedings may be staffed with a significant number of new personnel to the specific jobs remaining in-house. Of these remaining positions, many may be staffed with personnel new to DEH operations.

(3) At a time when the new contract operation needs the support of an experienced Government organization, that organization may be ineffective because of the many job changes which have occurred.

b. Initial Contract Operation :

(1) The potential for delay of CA contracts from the initial decision to final decision is great and dependent upon appeals, politically delayed announcements, and other procedural problems.

(2) The Contractor, upon contract start, normally does not have a fully trained organization even though he has full responsibility for performance under the contract. The Contractor's performance may start close to the zero level and may not reach an acceptable level for many months. Good planning will decrease these prob-

lems.

c. DEH Responsibility: During the entire conversion period, and in spite of personnel turbulence and Contractor startup problems, the DEH is still responsible for required installation RPMA and Housing work.

5. The Transition Team :

a. Purpose: The transition team must plan for accomplishment of primary conversion tasks:

- (1) Continuity of operation.
- (2) Transfer of property and on-going work.
- (3) Cost-effective start of contractor operations.

(4) Implement residual force operational plans.

b. Composition:

(1) Transition task planning and accomplishment can only be done effectively with the authority and knowledge of the DEH. The DEH transition team members must be experienced in both RPMA and Housing operations.

(2) To provide proper management of the very critical conversion tasks, the DEH must secure the support of the Installation Commander and Contracting Officer in establishing a transition team with responsibility to accomplish the conversion task. Members from outside the DEH organization will represent CPO, DRM, and all other activities that are impacted by the conversion process. The Contracting Officer is responsible for coordinating the total conversion process.

6. Procedures:

a. A tremendous amount of planning and special task accomplishment must occur during the conversion period. Most decisions and actions will be one-of-a-kind, will require inordinate amounts of time in coordination with other activities, and will involve initiating exceptions to existing policies and regulations. The DEH must give general direction to the transition team. The successful conversion to contract operation is a major DEH

responsibility.

b. The transition team should take a project approach and identify the overall objective, major tasks and sub-tasks, and set a schedule with milestone dates. Feedback on accomplishment should be covered. All those who may be affected by the conversion should be consulted about making a successful conversion.

c. Plan in great detail the sub-tasks of the conversion project to insure that sufficient resources and time are available. Responsibility for each sub-task should be given to the position that can be expected to best accomplish the task. Positions are not limited to the transition team.

## 7. Housing:

a. Special attention to housing is appropriate because housing is managed by DEH activities at most installations and because of the importance of housing in the quality of life of the military service member. What has been addressed before is entirely applicable to the housing operations area; what follows are some additional thoughts for consideration in accomplishing CA programs, including housing operation functions.

b. Care should be taken to restrict CA studies to the operations area only. Several instances exist where both Housing Management and Operations have been contracted out, either as separate housing functions or as part of a total DEH or installation base operations package. This has resulted in the necessity of bringing the management effort back into the Government staff. This is not an easy task considering the contractual procedures, personnel authorizations and similar actions involved. Where the Housing Manager (HM) is unfamiliar with the CA process it is recommended that training in the total program be provided.

c. It is desirable and worthwhile to dedicate a housing person full-time to the accomplishment of the Housing Management Study and PWS or the Housing portion of the DEH Management Study and PWS. The HM or a branch chief or even a housing intern with experience commensurate with the task could fill this important duty.

d. Observe progress and keep housing personnel informed. The Housing Manager should review progress on the PWS and management study to:

(1) Assure that all family and unaccompanied personnel housing requirements are addressed and that community relations and furnishings and supply requirements are provided for.

(2) Be able to communicate to the Housing staff the status of the CA study and its impact on the staff and its operation.

e. Get a person (the HM if possible) with knowledge, experience, and skill in Housing operations appointed to the Source Evaluation Board (SEB).

f. Avoid assigning new housing interns to Housing Division during CA studies. Too much is going on with the CA study to insure that the intern receives proper housing management training. Such assignment could deter the CA effort and cause misunderstanding on the part of the intern as to the intent of the program.

g. The PWS is critical to proper Housing operations. Information provided above applies also to Housing. Remember that the PWS describes housing operations that must be accomplished whether by the housing MEO or by contract. The descriptions included must be as accurate, clear, concise, and unambiguous as possible so that interpretation of meaning is precluded.

h. DA policy states that non-appropriated funds (NAF) activities associated with Housing Operations can be studied as part of the Housing CA study and can be contracted for in the event the final decision is made to operate by contract (NAF control is a GIN staff function).

i. The Housing Operations Management System (HOMES) automates the day-to-day functions performed by housing-worker-level personnel. This interactive system, into which in-house personnel enter actual

work data as it is accomplished, will meet reporting requirements to DA and MACOMs thereby eliminating most manual record keeping. Once operational, HOMES data should be requested from the Contractor for input by Government personnel. Contractors should not be given direct access to HOMES or other ADP related systems.

j. Qualifications described in the GS 1173 Housing Management Career Series for Government Employees, should be required as appropriate for contractor personnel.

k. Proper GIN staffing is necessary to operations. Close attention to this part of the MEO during the management study will assure that future operations are carried out regardless of study outcome.

8. Conclusions: As with all CA studies, communication with other team players is essential to success. Take time to make sure other CA team members understand the great importance that housing has in the quality of life of the service member so that proper housing operations are included in the CA study. Part IV of the supplement to OMB Circular A-76 and appendix D of AR 5-20 prescribes the methods to develop costing of performance.

9. References: USAEHSC has available a TRADOC-developed transition plan and miscellaneous documents from installations and MACOMs that can provide a base for developing a conversion plan.



## **PART II**

### **GENERAL CONTRACTUAL INFORMATION**

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## PART II

### GENERAL CONTRACTUAL INFORMATION

#### 1. General:

a. The term "service contract," means any contract entered into either by sealed bid or negotiation that calls directly for a Contractor's time and effort rather than a concrete end product. Whenever the Government contracts out work, it is entitled to quality service from contract start date through contract completion. Therefore, a service contract must include a Performance Work Statement (PWS) that accurately states the Government's minimum requirements. A PWS is mandatory for all CA contracts whenever possible. This means that DEH managers, RPMA specification writers, COR/QAE, Inspectors, or other DEH personnel involved in contract matters must become familiar with and have at the least a general knowledge of acquisition regulations and directives.

b. This part of the guide is designed to provide information, reference, and guidance to aid DEH personnel to accomplish assigned duties in a contractual situation from concept through completion of an RPMA contract. Installation-specific information must be included in each package by the DEH.

2. References: Reference is made to the laws, regulations, instructions, technical manuals, etc., from which the information contained herein was extrapolated. References identify the document and, in most instances, the part, subpart or paragraph that should be consulted when additional information is required. Referenced documents in a solicitation become an integral part of any contract awarded to the extent specified. Job requirements and standards referenced to technical manuals should be reviewed as the PWS is being developed in order to assure that job requirements are being accurately described.

3. Contract Package Development: A suitable user-level acquisition package (i.e., PWS) under OMB Circular A-76 cannot be developed without a basic understanding of contract administration, including various contract types, authorities, responsibilities, delegation of authority and internal procedures which are appropriate to RPMA activities. It is highly recommended that PWS writers visit the contracting office for coordination purposes prior to initiation of specification writing. Those writers not a part of the function being documented must establish a close working relationship with the functional element in order to insure development of an adequate package. DEH assistance is essential to development of a suitable RPMA PWS.

#### 4. Policies:

a. The Government is normally required to obtain its employees by direct hire under competitive appointment or other procedures required by Office of Personnel Management regulations. Personal service contracts in which Contractors or their employees are in effect employees of the Government are prohibited unless otherwise authorized by appropriate authority. Responsibility for assuring that a proposed contract is proper lies with the Contracting Officer. (Ref. FAR 37.104, DFARS 237.104, and AFARS 37.104)

b. Decision-making is an inherent Government responsibility. Unwritten DA policy is that decisions relating to acquisition matters, which are Contracting Officer responsibility, will be made without use of commercial source recommendations. Inspectors General and auditors are alert in detecting requirements in contracts for Contractors to provide recommendations for policy making, decision making or of a managerial nature that is the direct responsibility of agency officials. Programing, budgeting, control of money supply, allocation, or disbursement are examples of inherent Government functions. (Ref. AR 5-20)

c. CA policy requires the user to prepare a clear, concise, and unambiguous acquisition package, in conjunction with the Contracting Officer, using performance-oriented statements of work. CA PWSs and solicitations must be prepared IAW FAR 7.304 and FAR Subparts 14.2 or 15.4, DFARS 207.304, 214.2, and 215.4, and AFARS 14.2 and 15.4, as applicable. Work statements and Quality Assurance (QA) plans for existing service contracts must be written using Part II of the supplement to OMB Circular A-76 as a guideline before reprourement even though a cost comparison will not be performed. This requirement is not applicable under small purchase procedures or in those cases when the "Agency" determines that application of Part II of the Supplement would not be in the best interest of the Government.

5. Authority:

a. FAR Subpart 1.6, DFARS 201.6, and AFARS 1.6 deal with acquisition responsibility and authority. The FAR, DFARS, and AFARS imposes limitations upon the authority to enter into and administer contracts.

b. The Agency Head (i.e., Head of Contract Agency (HCA)) is authorized to perform planning, development, and acquisition of supplies and services required for performance of the agency's mission. The HCA delegates much of this authority to the Contracting Officer.

c. Responsibility for acquisition is vested in the HCA. Acquisition directives and other instruments delegate this responsibility to the Contracting Officer IAW FAR 1.603 and AFARS 1.603 for the acquisition of supplies and services under the technical cognizance of the HCA. Much of the delegated authority is subject to review and approval. Those actions requiring prior review and approval are set forth in various parts, subparts and sections of the FAR, DOD FAR supplement (DFARS), and Army FAR supplement (AFARS), and various agency supplements, regulations, and directives. Army Contracting Officers are not delegated authority to redelegate their authority below HCA level. (Ref. FAR 1.602-1 and AFARS 1.602-1)

d. Contracting Officers have no authority to make any contract award without authorized funds in an amount equal to the amount of award. (Ref. FAR 32.702)

e. The HCA is responsible for assuring that contract activities are properly staffed by qualified personnel capable of performing all contract administrative functions. The Contracting Officer supervises and monitors the contractual procedures, performance, and methods considered necessary for effective contract management. Procedures and methods considered necessary, which are not in conflict with existing directives, may be established by the cognizant Contracting Officer. (Ref. FAR 1.602-2 and AFARS 1.602-2)

f. All requests requiring the approval of higher authority should be submitted via the Contracting Officer. The Contracting Officer's staff screens the requests; those which are inconsistent with sound acquisition policies and procedures are not accepted.

g. When Government property is furnished to a Contractor, the Contracting Officer appoints a property administrator who is responsible for assuring that the property is maintained, returned, or disposed of IAW the contract provisions.

(Ref. FAR and AFARS Part 45)

h. Army acquisition policy requires the office of the Contracting Officer to be placed in the organizational structure at a level which will protect that office from interorganizational pressure that could lead to improper acts, expose the Contracting Officer to personal risk, and subject the Army to criticism. Most installations accomplish this by placing the Chief of the Contract Office on the Commander's staff at a Directorate level equal to, or comparable to, the DEH. Regardless of placement, however, teamwork is essential. Contracting Officers should request and consider the advice of specialists in Audit, Law, Engineering, Transportation, and other fields as appropriate. They must also insure that Contractors receive impartial, fair, and equitable treatment. (Ref. FAR 1.602-2(b) and AFARS 1.602-1(91))

6. Definitions: Reference should be made to the FAR, the primary regulatory source which Army acquisition personnel must utilize. The FAR, DFARS, AFARS, and standard contract forms includes numerous definitions concerning acquisition matters. Definitions contained in FAR, DFARS, AFARS, or standard contract forms must not be redefined. Reference and supplement them when necessary. Performance Work Statement (PWS) writers should limit recommended definitions to the technical portion of the package, further limited to definitions to clarify technical terms. A prudent, responsible Contractor is expected to be familiar with the general technical terms normally used in contracts. Definitions pertaining only to documents "outside" the contract (e.g. surveillance plan) should not be included in the PWS. Such plans or documents should reflect their own definitions to preclude confusion of potential Contractors. The Contracting Officer will incorporate other definitions deemed necessary. Technical definitions are included in Parts III and VII.

7. RPMA Contract Types:

a. Part I of the supplement to OMB Circular A-76 describes policy implementation, responsibilities, and procedures for determining whether commercial or industrial-type work should be performed by contract or by in-house personnel.

b. The successful contract should be obtained utilizing sealed bids or competitive negotiated offer procedures as determined suitable and warranted under current acquisition regulations. Regardless of the contract type selected, the invitation for bid/proposal for CA services must provide for a common standard of performance to allow a valid comparison between in-house and contract accomplishment of the same workload. Award of incentive fees in a CA contract must reflect performance standards expected of Government employees doing

the same tasks. (Ref. FAR Parts 6, 14, and 15, and AFARS Parts 6 and 14)

c. When applicable, cost comparison is used to judge the economy of acquiring products or services in-house versus by contract. The bottom-line contract cost must correspond to the level of performance expected of Government employees doing the same tasks. When flexible pricing methods are used as an alternative, a target price for the low offer is negotiated and matched against the cost of comparable in-house performance. In cost-plus contract types, the actual final price is not known until completion of the contract. A cost comparison in such a case will be difficult and will probably result in protest from affected employees and their unions. The comparison must be fair, equitable, and conducted in strict accordance with methods described in the solicitation. (Ref. FAR Subpart 7.3 and DFARS 207.3)

d. CA contracts are nonpersonal contracts. (FAR 37.104, DFARS 237.104, and AFARS 37.104 describes personal versus nonpersonal service contracts). Nonpersonal service contracts are performed by an independent Contractor that is contracted to do the workload without Government supervision; however, for contract purposes, the Contractor remains under the direction of the Contracting Officer. The Contractor supervises his employees and retains the right (subject to any necessary Government restrictions) to hire and fire; the work performed is of a permanent and continuing nature. Specification writers should not attempt to include statements which imply that the Government will supervise Contractor employees. Such statements could result in a finding that the contract is in fact a personal services contract.

e. Various nonpersonal service contract-type options most suitable to RPMA CA contracts are shown below. Use of any option other than firm fixed-price normally requires approval at a level or levels higher than the Contracting Officer.

- (1) Firm Fixed Price (FFP).
- (2) FFP with economic price adjustment.
- (3) Fixed Price Redeterminable Price (FPRP).
- (4) Time and Materials - Labor Hours Contract.
- (5) Fixed Price Incentive with Firm Targets (FPIF).
- (6) Fixed Price Incentive with Successive Targets (FPIS).

The contract options mentioned above are, with one exception, fixed price with and without incentive options. A firm bid or offer is obtained through appropriate acquisition procedures. The exception is a time and materials-type contract in which labor rates and material costs are established to perform work of unknown extent and duration. Contracts negotiated under FAR Part 15 may be of any type or combination of types that will promote the Government's interest except as limited, or restricted, by FAR 16.102 and DFARS 216.102 (also see 10 USC 2306(a) and 41 USC 254(a)).

f. A combination-type contract (FFP and indefinite delivery) is best suited to most RPMA CA contracts. A fixed price lump sum is obtained for all known requirements and costs for labor and material, or another fixed-price method, is obtained for unknown requirements, such as caused by breakdown of equipment, during a definite period of time. The advantage of this type of contract is flexibility. Supplies or services of unknown quantity or extent are only ordered after needs are determined and stocks maintained at minimum levels. This type contract effectively harnesses the Contractor's profit motive since he accepts full responsibility for costs at the outset but does not expose a Contractor to excessive risk. This type contract also best insures equity in the in-house versus contract review. A combination type contract should be competitively negotiated IAW FAR Parts 6 and 15 and AFARS Part 6 when acquiring construction, maintenance, repair, alternations, or inspection, and the exact nature or amount of the work to be done is not known. (Ref. FAR 16.102 and DFARS 216.102).

g. The Cost Reimbursement-type contract may be appropriate in some cases. The Contracting Officer determines which contract type is most appropriate. AFARS 16.301-3 requires determination of estimated cost for fee measurement purposes be made by the HCA authorized designee. A cost reimbursement type contract is less desirable as Contractors have little or no incentive to hold costs down. In addition, for CA contracts, it is difficult to compare Contractor's costs, which are not fixed or final until after the contract is completed, with that of the in-house bid. The cost comparison requirement under the CA program is critical in making the decision to contract or retain the work in-house. The Contractor's price must be fixed at the onset of the cost comparison analysis conducted during bid/offer evaluation in order to avoid incorrect comparison and decision regarding cost effectiveness and to avoid appeals from labor unions and affected employees. DEH functions can be adequately identified, but cannot always be quantified. The inability to quantify needs, by itself, is not adequate justification to use a cost-plus type contract without considering use of a combination FFP and indefinite delivery type. In addition,

consideration must be given to the contract administration factors described in Part IV of the supplement to OMB Circular A-76 which limit the ability to properly administer a cost reimbursement type contract due to limits placed on contract administration personnel allowed. (Ref. FAR Subpart 16.3, DFARS 216.3, and AFARS 16.3)

h. The Firm Fixed-Price (FFP) contract places maximum risk on the Contractor but also provides maximum profit incentive and places a minimum administration burden on both the Contractor and the Government. This type of contract includes all costs of labor, material, overhead, and profit and is the most commonly used contract. Costs are constant for the duration of the contract and are not subject to adjustment based upon the Contractor's experience during performance periods except where changes are authorized. The FFP contract is used where costs are reasonably predictable and adequate design or performance specifications are available. The market which supports a FFP contract normally is experienced and competitive. Most, if not all, RPMA annual requirements can be reasonably forecast and the nature of tasks to be done is common to the commercial market. Finding a competitive market should not be difficult. (Ref. FAR 16.202)

(1) Advantages: The FFP contract is easiest to administer. Costs are known at the outset. The Contractor is responsible for both Contractor's costs and profits within the established price. Government administration is primarily concerned with compliance with specifications versus the more elaborate and detailed time and materials accounting procedures common to the other contract types.

(2) Disadvantages: The Government does not benefit from a decline in market prices. In today's market, however, such an occurrence is unlikely due to current inflationary trends. Should costs change significantly during a contract term, the Government does not have to exercise any option year. When workload is unknown or experience is lacking, an FFP cannot readily be determined.

i. The FFP Contract With Economic Price Adjustment is used when serious doubts exist as to the stability of market and labor conditions during an extended contract period. Such contingencies, if identifiable, can be covered by an FFP with economic price adjustments. Escalation provisions allow adjustment up or down of the contract price, thereby reducing the risk which would otherwise be assumed by the Government or the Contractor in an FFP contract. For example, escalating steel prices could handicap a Contractor responsible for railroad maintenance and repair functions. Escalation provisions tied to

material would decrease a Contractor's risk and thereby improve competition which otherwise might be lost. Similarly, rising fuel and equipment costs common to vehicle operations may warrant use of economic price adjustment provisions. (Ref. FAR 16.203)

(1) Advantages: The Contractor's risk is decreased as significant cost increases are absorbed by the Government. Decreased risk should improve the quantity of potential sources. Lower bid prices should result because contingency allowances normally factored into the bid price should be smaller. A decline in market prices would benefit the Government.

(2) Disadvantages: During inflationary periods, increasing costs are transferred to the Government. Monitoring changes in market prices place additional administrative burden on the Government. A decrease in contract risk can encourage less substantial firms to bid at a marginal level. This would result in a lower bid, but would also discourage efficiency to which a Contractor would otherwise be forced during an inflationary period.

(3) Guidance: Escalation factors used to determine the propriety of a contract price should be those which are beyond the control of the Contractor. The impact of escalation should be felt on an industry-wide basis or at the least on a regional basis. Specific sources should be identified as indicators of price changes. These sources may be in the form of trade publications, the Wall Street Journal, Government directives, etc. A price ceiling is normally established to limit escalation during a contract period. No floor, however, is set for price reductions. Adjustments at predetermined intervals should be keyed to a specific degree of change in labor or material costs. Costs attributed to Contractor mismanagement do not support price increases. Claims for increases must be validated by the Contractor, and he must certify on his invoices the completeness and correctness of the increase.

j. The Fixed-Price Contracts with Prospective Price Redetermination (FPRP) allow the Government and potential Contractor to initially negotiate a price which is subject to redetermination during or after the performance of work. Negotiated prices are adjusted up or down at specific intervals, generally not exceeding 12 months. The renegotiated price becomes fixed for future work. A price ceiling option can initially be established. Once the established redetermination intervals have been met, the contract is converted to an FFP contract. (Ref. FAR 16.205 and 16.206)

(1) Advantages: This type of contract is used in

negotiated acquisitions when an FFP contract cannot initially be used but both parties agree that a fixed price can be negotiated at a future date. The arrangement is similar to a series of short-term FFP contracts. This type of contract would be suited to the accomplishment of new workloads when historical data or experience necessary to establish an equitable price does not exist.

(2) Disadvantages: FPRP contracts have been criticized from the standpoint of enabling or permitting a reasonable initial year contract that subsequently becomes more costly after Government manpower losses due to conversion have been eliminated. Redetermination, it is claimed, circumvents competition in all years except the initial contract year. Such criticism is valid only if the acquisition staff fails to ultimately negotiate a reasonable FFP contract. Establishment of a reasonable FFP ceiling option also guards against the potential of unwarranted price rise. The use of pre-priced and renewal options and the reality or potential for recompetition of a contract should guard against an overzealous incumbent Contractor. No formula is available for determining final profit. Profit is subject to negotiation at the time final costs are negotiated, which has in the past led to disputes over the final FFP contract.

k. The Time and Materials type contract is used for acquisition of supplies or services and provides for payment to the contractor on the basis of:

(1) Fixed hourly rates for direct labor hours and indirect labor, overhead, and profit.

(2) Material at cost, including material handling charges not included in the hourly fixed rate.

The Labor-Hours type contract is similar, differing only in that materials are not involved in the contract or are not supplied by the Contractor. Such contracts are suitable when the type of work to be accomplished is known in advance, but not the extent or duration of the work. In such instances, cost of necessary support cannot be anticipated. These contracts are used when no other contract type is suitable. A ceiling price is established which the Contractor may exceed at his own risk. The Contractor would be paid according to labor and materials used. (Ref. FAR Subpart 16.6, DFARS 216.6, and AFARS 16.6)

(1) Advantages: This type contract can accommodate a special situation requirement which cannot be accomplished under other contract forms.

(2) Disadvantages: This type contract lacks any

incentive for cost control by the Contractor and requires almost constant Government surveillance. The Contractor must have a cost accounting system that records accurate time and material expenditures.

(3) Guidance: If the Contractor is required under the contract to furnish material of a type regularly sold to the general public, that material may be included in the contract at its established list or catalog price, less any applicable discounts, rather than at cost. This alternative method of pricing may be used only when the established material price is \$25,000 or less, or when the established material price does not exceed 20 percent of the contract price. No profit on material is included in the fixed hourly labor rate, and the price does not exceed the current market price or the Contractor's price to a favored customer, whichever is lower.

I. The Fixed Price Incentive Contract With Firm Targets (FP-IF) provides for profit and computation of the final contract price by a formula based on the ratio of final negotiated costs to total target costs. These flexible contracts provide a profit incentive to the Contractor to reduce costs of performance and also provide a profit sharing formula under which both the Government and the Contractor share in the reduction. Conversely, both would also share in the burden of increased costs of performance. The Contractor's actual cost experience determines the profit level, governed by an incentive formula. The formula rewards the Contractor with more profit if actual costs are less than the negotiated target cost or estimate, and it penalizes the Contractor if costs exceed the target. Both parties initially negotiate a target cost and target profit, which are combined to form the target price. The initial targets must be predictable, with reasonable accuracy, based on the Contractor's accounting system. A sharing formula also is negotiated which applies to the amount that final costs are either under or exceed the target cost.

This formula is known as the share ratio, or share line. As an example, a 75:25 share ratio reflects the joint Government-Contractor responsibility in the final cost of any dollar difference between final cost and target cost, with \$0.75 of every dollar the Government's responsibility and \$0.25 of every dollar the Contractor's responsibility. Responsibility includes both reductions or additions to target profit. A ceiling price is initially negotiated, but not a floor. This type contract is appropriate when a firm target and formula for establishing a final price can be negotiated at the outset which will provide a fair and reasonable incentive. When many functions are joined together into one overall package, the desired costing precision inherent in the separate functions may be lost in the combination. The practicable advantages of managing a single responsible Contractor, who performs the whole task, outweighs in some cases the benefits which might

exist if more cost precision was attempted. Use of the FPIF contract should be considered when the scope and complexity of a requirement precludes the use of the more basic contract forms. (Ref. FAR 16.403-1)

(1) Advantages: This type contract provides an incentive to the Contractor to reduce costs. The FPIF contract allows both parties to share in profits as well as losses.

(2) Disadvantages: The incentive to the Contractor is not as great as in FFP contracts, where the Contractor assumes 100 percent of the risk for controlling contract costs, which directly affects the amount of profit realized, which directly affects the amount of profit the Contractor receives. Within the limit of the price ceiling, the Government shares overrun costs. The Contractor's accounting system must be adequate to permit application of the profit and price adjustment formulas.

m. The Fixed-Price Incentive Contract With Successive Targets (FPIS) is a variation of the FPIF contract discussed above. It is used when cost and pricing information is not sufficient to allow negotiation of firm target costs prior to commencement of the contract. Enough information must be available, however, to permit negotiation of initial targets, and there must be reasonable assurance that sufficient data will be developed early in the contract period to fix firm targets at a later date. In the beginning of an FPIS contract, eight (8) factors are negotiated which provide the basis for subsequent negotiation of either an FPIF or an FFP contract. Negotiation factors are:

- (1) Initial target cost.
- (2) Initial target profit.
- (3) Initial target price.
- (4) Initial sharing formula.
- (5) Ceiling on firm target profit.
- (6) Floor on firm target profit.
- (7) Price ceiling.

(8) Firm-up date (the date at which the contract is renegotiated to become an FPIS or FFP contract). Since information needed to establish reasonable negotiated prices or targets is unavailable, the initial sharing formula normally will assign a greater share of contract responsibility to the

Government than would be found in an FPIF contract.

#### 8. Choosing the Type of Contract:

a. Contracts for single RPMA functions are normally Firm Fixed-Price Type. For multifunction or umbrella-type contracts, the type of contract could range from Firm Fixed-Price with certain reimbursable items to Cost-Plus with award or incentive fees. If the installation has sufficient historical information or reasonable projected workload the bidder can use to make an offer, the Firm Fixed-Price contract should be used. Contracting Officers will determine and provide for full and open competition in soliciting offers and awarding contracts that are best suited to the circumstances of the contract action. (Ref. FAR Subpart 6.1)

b. Sealed bid procedures result in fixed-price bids. Sealed bids may be used if:

(1) Time permits the solicitation, submission, and evaluation of sealed bids.

(2) The award will be made on the basis of price and other price related factors.

(3) It is not necessary to conduct discussions with the responding offerors about their bids.

(4) There is a reasonable expectation of receiving more than one sealed bid.

*NOTE TO WRITER: A Firm-Fixed Price contract, which best utilizes the basic profit motive of business enterprise, should be used where the risk involved is minimal or can be predicted with an acceptable degree of certainty. (Ref. FAR 16.103(b))*

In the event Contracting Officers determine that sealed bids are not appropriate as noted in (1)-(4) above, competitive proposals may be requested. (Ref. FAR 6.401)

c. When proposals are solicited and a contract is negotiated, the Contractor's proposal, including any negotiated changes to the proposal, is incorporated into any resulting contract. Contract monitors must insure that Contractors are held to their proposal and no deviation allowed except as approved in writing by the Contracting Officer.

d. In the event that a cost reimbursement contract is negotiated, appropriate ceilings must be incorporated. These contracts must establish an estimate of total cost for the purpose of

obligating funds and establish a ceiling that the Contractor cannot exceed (except at own risk) without the approval of the Contracting Officer. Cost reimbursement contracts are suitable only when uncertainties involved in contract performance do not permit costs to be estimated with sufficient accuracy to use any type of Fixed-Price arrangement. (Ref. FAR 16.301-1 and 16.301-2)

e. Complexity should not be an issue for DEH RPMA work and service requirements. Specifications and performance requirements can be adequately identified and supported with historical workload data, or projections of workload, to support a fixed-price arrangement. Mission requirements can be measured using subjective measurement of achievement rather than objective measurement. Objective measurement, when needed, is readily apparent. (e.g., the utility is either providing the necessary output or it is not.)

f. In those exceptional cases where a DEH has adequate personnel and other resources necessary to fully manage a Contractor's operations, a Cost-Plus type contract will serve the DEH better as the DEH would then control all contract operations. Such resources are seldom available, however, and is not in keeping with the CA program objectives, nor comply with acquisition regulations.

#### 9. Decisions to Make Before the Writing Begins:

a. The following are important issues which need to be addressed by management before any writing is actually started on the PWS or Management Study. Although DA and OCE have published guidance on many of the items, local determinations are essential.

##### (1) Residual In-house (Government) Organization:

This area too often is left until the end of the review process. However, it is important to know in detail what functions and jobs will remain in-house under a contract mode. This residual organization should be verified by the Management Study. A tentative "strawman" organization must be identified early in the CA review and those functions not covered in the "strawman" become the starting point of the PWS.

(2) Packaging Functions: Which functions should be combined to produce the most efficient package? Some installations package total base operations (DEH and Director of Logistics), others total DEH, and others only several shops at a time (Utilities Division or B&G Division). These decisions vary with installations and must be coordinated among the functional managers.

(3) Government-Furnished Property: Government-Furnished Property (GFP) issues have a great impact on the General and Special Contract Requirements. They also influence the Management Study and Cost Comparison. Things to consider are:

- (a) Current DA and MACOM guidance.
- (b) Equipment make and age.
- (c) Vehicle make, model, quantity, age and condition.
- (d) Facilities size, use, age and condition.

(4) Existing Contracts: Existing service contracts (these do not include one-time repair or construction contracts), whether established under the CA program or not, need to be addressed individually. There may be some "critical" contracts a Commander will want to retain direct control of. Discuss with the installation functional management and contracting office.

(5) CA Team Organization: It is essential that the CA team organized to write the PWS be composed of a variety of skilled people. Some should have a background in management analysis, while others should have functional DEH experience. Of the CA teams used to date, those working most effectively for DEH included 50 to 75 percent management analysts from outside DEH and 25 to 50 percent DEH-type people. A mix is essential to avoid the we/them syndrome. A CA review must be a group effort if the existing work force is to receive a fair chance at competing with a Contractor.

(6) Materials and Supplies: What will happen to the huge inventory of DEH supplies on hand and at contract termination? Do we want to:

- (a) furnish them to the Contractor?
- (b) sell them to the Contractor?
- (c) turn them in?
- (d) have the inventory turned back to the Government?
- (e) buy back the Contractor's inventory?

Each option has its benefits and drawbacks; all must be considered. The issues of accountability, Contractor start-up, Contractor



default, and impact on cost comparison need to be thought out. In addition, consider whether certain emergency supplies need to be stocked by the Government (high cost or hard-to-get items).

(7) Historical Database:

(a) The existing DEH database, whether computerized or manual, is the only reliable information source available to quantify the one (1) time (nonrecurring)(repair/construction) workload. This critical step is sometimes jeopardized because of a lack of detailed accounting. The DEH should have his industrial engineer or cost accounting people review the workload data format and detail soon after notification of a review. If problems are found with the data, accounting procedures can be modified. This early review is critical to the success of the Management Study. It is difficult to show how a proposed reorganization will be more efficient when the work that the existing organization is doing cannot be quantified. Such a review should also be made prior to resoliciting a contracted function or functions to ensure all workload is specified.

(b) Specifying the output performance of a utility plant is more difficult than it sounds. Requiring a Contractor to process so many gallons of wastewater or water meeting a certain standard is one thing. Telling him how to maintain a plant to a particular standard is another. An easy solution is to reference an existing SOP or an Operations and Maintenance (O&M) Manual.

10. An Adequate PWS: An adequate PWS should:

a. Indicate mandatory professional or trade qualifications (registrations, certifications, licenses, prior employee experience, and physical capability).

b. Include all major tasks to be performed in-house or under contract. The nonrecurring type work effort must be quantified or accurately estimated.

c. Include minimum requirements for data and reports required by the installation, MACOM, DA, and DOD.

d. Include requirements for local records such as equipment history jackets, operator licenses, and safety records, etc.

e. Specify compliance requirements with applicable Federal, State, county (district) laws, codes, and regulations. Specify compliance with applicable DOD, DA, MACOM, installation, or other authoritative regulations, directives, instructions, etc.

f. Specify that the Contractor shall provide all materials, small tools, and consumable supplies except for any initial issue provided to reduce Army inventory, to include self-help function supplies if analysis determines this to be more economical.

g. Specify size and location of administrative, shop, and laydown areas to be provided to the Contractor.

h. Specify what plant equipment, if any, will be provided to the Contractor.

i. Specify what equipment, if any, will be provided to and be maintained by the Contractor.

j. Specify what inter/intra base support will be provided to the Contractor on a no-cost or reimbursable cost basis: e.g.;

- (1) Mail services
- (2) Reproduction services
- (3) Telephone service

(a) Government-owned internal (DACS approval is required for Contractor's use of WATS lines)

- (b) DSN
- (c) Commercial

- (4) Common utilities
- (5) Installation bus, taxi, or assigned vehicle service
- (6) Guard or security services
- (7) Fire protection services
- (8) Instruction/reference libraries
- (9) Warehousing
- (10) Janitorial services
- (11) Trash collection
- (12) Pest control

k. Construction work (alteration or repair) done by in-house or military forces which if Contractor accomplished, will be subject to Davis-Bacon (construction) wage rates vice service wage rates if severable from predominant services, should be specified. (see volume II, para H.9)

l. Include by reference with status (mandatory or informational) various published maintenance standards, criteria, and procedures.

m. Provide copies of or access to history jackets, as-built drawings, schematics, shop drawings, catalog cuts, maintenance manuals, price lists, etc.

n. Provide guidance on procurement, storage, use, and

disposal of hazardous materials, pollutants, etc.

o. Incorporate ISSA or mutual assistance requirements.

p. Recognize problems created with functions that overlap installation staff elements and preclude overlap wherever possible.

q. Define and specify response times, standby requirements, or backlog limits.

r. Provide guidance on excavation permits, prior notification of entry, submission of long- or short-term work plans or schedules.

s. Define what Contractor records are considered proprietary, Government-owned, auditable, subject to public disclosure under the Freedom of Information Act, or subject to Privacy Act requirements.

t. Transfer custody and ongoing responsibility for maintenance of inspection schedules and inspection findings, writing corrective orders, and recording corrective action taken (including additional work uncovered and accomplished).

u. Specify the method by which the Government will input specific or emergency work/tasking (disaster, insurrection, riot, strike, etc.).

v. Specify who will perform maintenance on Government-Furnished Property (GFP). The Contractor should maintain all GFP.

*NOTE TO WRITER: Contractor performance should be "divorced" from Government performance to preclude claims based on Government delay.*

w. Specify any supply or procurement services the Government will provide. Specify if mandatory or to be used at Contractor's discretion. Generally, the Contractor should provide from his own sources.

11. Cost Analysis Alternatives for Equipment: When doing a cost comparison, all possible alternatives should be considered for the use or disposal of Government equipment. However, retaining equipment for standby purposes or to meet future contingencies are not viable alternatives. When an agency elects to hold Government property to maintain performance capability, such standby costs cannot be charged to the cost of contracting. Two alternatives for Government equipment which should be considered are:

a. Alternative #1: Turn in equipment for disposal. The estimated disposal value, minus the cost of disposal, is considered to be either a gain or a loss to the Government depending on the net disposal value of the asset. The disposal value of an asset is derived from the useful life and disposal value table in appendix C of the Cost Comparison Handbook (CCH).

Example for Equipment:

Acquisition Cost	\$100,000
Disposal Value Factor as a percentage of acquisition cost (from appendix C of CCH)	27.37%
Estimated Cost of Disposal	\$ 10,000

$(\$100,000 \times 27.37) - \$10,000 = \text{Net disposal value } \$27,730$   
 $\$27,370 - 10,000 = (\$17,370)$

This entire amount would be entered with parentheses on line 11 of the cost comparison form for the first performance period as this gain is a reduction in the cost of contracting.

If the estimated cost of disposal exceeds the disposal value, there would be an increase to the cost of contracting. For instance, if the estimated cost of disposal in the above example were \$40,000:

$\$27,370 - \$40,000 = -\$12,630$ .

This amount would be entered on line 11, without parentheses, as this loss is an addition to the cost of contracting.

b. Alternative #2: Give equipment to another Government agency. If an asset is transferred to another Government facility, the computation is unchanged from alternative #1. It is presumed the Government has saved an expenditure equal to the estimated disposal value of the asset. Recovery by disposal or savings by transfer are equivalent for the purpose of this computation. See AR 5-20 for additional guidance.

## 12. DEH Service Contract Development:

a. Generally, personnel not associated with the contracting office are charged with analyzing the work and writing both the PWS and a contract surveillance plan. The PWS writer should use the FAR Uniform Contract Format (UCF) as a guide (FAR Subpart 14.2 or 15.4, DFARS 214.2 or 215.4, and AFARS 14.2 as applicable). If the job analysis is done properly and the

PWS expresses the desired output in clear, simple, concise, legally enforceable terms, a viable service contract should not be difficult to obtain and manage.

b. The development of a quality PWS is a team effort. Leading team members must include the functional office (the cognizant technical official) the Contracting Officer, and for a PWS for cost comparison purposes, the manpower/management engineering office. The functional office states the service to be delivered, measures the quality of service, and accepts the service; the manpower/management engineering office provides any required manpower studies to assist in determining the work to be performed. The functional area chief (e.g., DEH) is the team leader exercising authority and responsibility for the function to be studied, or if applicable under contract, and remains responsible to the installation commander to insure mission requirements are met. Use of available personnel with acquisition training is highly recommended to reduce time and effort in documenting the technical requirements of the acquisition package. The Contracting Officer must assist in the functional preparation of the PWS and also be the reviewing official.

c. By law, only a Contracting Officer can obligate Government funds. Hence, the functional area chief must act through the Contracting Officer to contract out work. The Contracting Officer has the necessary authority and technical experience in contracting, and the means of enforcing contract clauses and solicitation provisions. Providing the Contracting Officer an acquisition package in a format that requires only the addition of solicitation and awards data will expedite the processing of the solicitation and any resulting contract.

d. Improper coordination results in delays and frustrations. A basic understanding of responsibilities, authorities, and limitations in contractual areas, along with proper coordination in these areas, is important in obtaining the desired service. The contract administration plan should document each key player's role and responsibility (Ref. AR 5-20).

e. A PWS relates primarily to SECTION C, Description/Specifications, and SECTION H, Special Contract Requirements of a solicitation or contract. SECTIONS C and H are the basic solicitation sections used by potential Contractors to develop their bid and prices (SECTION B), along with any attachments which affect prices. The DEH (or other manager) should

provide the Contracting Officer, at the outset, the supplementary information he will need, such as skills required under the contract to obtain service contract wage rate schedules from the Department of Labor, along with recommended statements for UCF sections which are not included in a PWS as described in Part II of the supplement to OMB Circular A-76. Functional responsibilities for development of the UCF acquisition package are as follows:

<u>Uniform Contract Format</u>	<u>Functional Area of Responsibility</u>
Part I	
SECTION: A	Contracting Office
B	Contracting Office/Technical Office
C	Technical Office
D	Technical Office/Contracting Office
E	Technical Office/Contracting Office
F	Technical Office/Contracting Office
G	Contracting Office/Technical Office
H	Contracting Office/Technical Office
Part II	
SECTION: I	Contracting Office
Part III	
SECTION: J	Technical Office/Contracting Office
Part IV	
SECTION: K	Contracting Office
L	Contracting Office
M	Contracting Office/Technical Office

f. The first office listed above is the primary functional office of responsibility and must be the lead office for those elements identified under UCF. The Contracting Officer has final responsibility for all phases of any contract awarded. SECTIONS A, B, F, G, H, I, K, L and M of the UCF includes documentation requirements relating to decision-making areas which are inherent governmental functions. It is essential that Contracting Officers be consulted early in the writing phase as their decisions may (but should not) affect the way PWS are made. Acquisition regulations place responsibilities upon Contracting Officers which they cannot delegate to others. Writers must be aware of these responsibilities and try not to "assume" them. This would only result in conflict and will delay desired results.

g. During the period between the start of a CA review and any resulting contract start date the installation must expect a loss of a part, or all, of the in-house forces due to retirements, personnel leaving for other jobs caused by anticipation of job loss due to the study being conducted and expectation that former work will go contract, or for other reasons. A backlog of work, not considered as a part of the contract work, can be expected to develop. The installation must consider and determine how this work will be accomplished (i.e., foregone, to hire "temporary" personnel, etc.). The cost to perform this backlog is not a part of the cost comparison.

h. CA responsibilities of various Army elements are set forth in AR 5-20. The AR and DA Pamphlet 715 series sets forth various other responsibilities.

### 13. Coordination:

a. The responsibilities of the various elements of an agency are set forth in officially published functional statements. Notwithstanding the contents of such statements, it must be recognized that many elements play a critical role in the proper accomplishment of acquisition. Accordingly, the award and administration of contracts is an important mission of the total organization and not the sole responsibility of any single office. Team effort must be established at the outset and remain continuous throughout the contract term, to include any extensions of term. Failure to work as a team results in ineffective and inefficient services being performed.

b. Many standard commodities used by various elements of the Government are available from departments who have been designated for single service procurement. Full use must be made of these sources whenever possible. (Ref. FAR Subpart 17.5 and DFARS 217.5)

c. In contracting, the Contracting Officer will cooperate to the fullest reasonable extent with other acquisition activities of the Government, State, and local authorities. The free exchange of information concerning Contractor capabilities, past experience, and performance is beneficial to all activities. Notwithstanding the foregoing, negative reports which may have a substantial adverse effect on any Contractor's opportunity to obtain contracts should be cleared by the Contracting Officer, prior to release of any information.

d. The Contracting Officer is responsible for the procedures and actions taken in solicitations of bids and proposals and the award of contracts and change orders. In performing these

duties a Contracting Officer must assure compliance with the requirements set forth in various acquisition directives and coordination of contract actions between the various elements. The Contracting Officer is assigned responsibility for the adequacy of contract records including records concerning the Contractor's responsibility, capability, and past performance. The Contracting Officer is the point of contact for private Contractors seeking information concerning contracting procedures, potential contracts, or the award of pending contracts. The Contracting Officer is also responsible for assuring timely and proper action on changes and disputes. DEH functional managers play a key role by providing data for Contracting Officer decisions on such items as contract administration, contract type, etc.

e. The cognizant technical official (e.g., DEH) has the responsibility for the adequacy of the technical specifications and to insure they are clear, simple, concise, unambiguous, and that proprietary materials or methods are not specified unless prior authorization has been obtained. The cognizant technical official also assists in evaluating engineering proposals and makes initial determination in connection with errors or deficiencies in plans or specifications.

f. Safety and security officers are responsible for assuring that contracts are administered IAW applicable safety and security regulations. In those instances where Contractors must either possess classified material or work in classified areas, the security officer must be contacted with regard to obtaining necessary security clearances and assuring that contract documents include necessary requirements and instructions. Security requirements are not a factor in decisions to conduct a CA cost review or to retain work in-house as an inherent Government responsibility.

g. In event of any disagreement or nonconcurrence with contractual actions to be taken with respect to

a contract which cannot be resolved by the sponsor, Contracting Officer, and General Counsel (GC), such disagreement should be submitted to the HCA for resolution through command channels. Normally, the HCA decision is final. However, resolution by a higher authority may be required. The installation commander has ultimate authority over events on the installation.

h. Military and civilian personnel, who are associated with development of requirements which may require acquisition support, are cautioned not to contact prospective suppliers for any purpose unless authorized to do so by the pertinent Contracting Officer. This caution applies not only to obtaining availability and pricing information prior to submission of an acquisition request, but applies equally to accepting services or supplies before a valid contract has been executed. Where unauthorized actions are taken in advance of fund availability, or where a supplier is encouraged or permitted to work in the absence of funds, a violation of 31 USC 1341, 1342 and 1349 through 1351 (AR 37-20 and 37-21) may result and subject the violator to criminal penalties (also see FAR 1.602-2 and AFARS 1.602-2)

#### 14. Options:

a. Option clauses may be included in contracts if increased requirements within the period of contract performance are foreseeable, or if continued performance beyond the original period of contract performance may be in the best interests of the Government. Because options require offerors to guarantee prices for definite periods of time, with no assurance that the options will be exercised, improper inclusion could result in prices which are unfair to either the Government or the Contractor. An option clause should not be included if it can reasonably be foreseen that minimum economic production quantities will be required at some future date and startup costs, production lead-time, and probable delivery requirements would not preclude adequate future competition. Option clauses should not be included in solicitations, (Ref. FAR 17.104-3 and FAR Subpart 17.2, and DFARS 217.2) if:

(1) The supplies are readily available on the open market.

(2) The Contractor would incur undue risk.

(3) An indefinite quantity or requirements contract is appropriate (options for continuing performance may be included in such contracts).

(4) Market prices for the supplies or services are likely to change substantially.

(5) The option quantities represent known firm requirements for which funds are available, unless the basic quantity is a learning or testing quantity and there is some uncertainty as to Contractor or equipment performance, and realistic competition for the option quantity is impracticable once the initial contract is awarded.

b. Options may be included in service contracts IAW multiyear contracting procedures described in FAR Subpart 17.1, DFARS 217.1, and AFARS 17.1 if the need is anticipated for a similar service beyond the first contract period. The FAR requires CA contracts to include options for the initial period plus two (2) option years for cost comparison purposes and prescribes necessary contract clauses and solicitation provisions to be included in such contracts. The solicitation for a CA Cost Study should provide for five (5) full years of contract performance.

c. If a contract is to include an option clause, the solicitation must limit the additional quantities of supplies or services which may be procured, or the duration of the period for which performance of the contract may be extended under the option, and must fix the period within which the option may be exercised. Maintenance service contracts including options are subject to the Service Contract Act, which requires that any increase in wages be incorporated upon exercise of any option to extend duration. Such wage rate increases must be considered in budget considerations IAW applicable guidelines and directives. Care must be taken to insure that increases in wage rates are not renegotiated and included prior to exercise of an option to extend duration. Inadvertent negotiation and incorporation prior to exercise of options to extend term would result in unnecessary additional costs. (Ref. FAR 17.202 and DFARS 217.202)

d. DA acquisition policy limits extension of contracts by exercise of options for projected periods of time for the purpose of eliminating competition or perpetuating use of outmoded clauses, terms, and conditions.

#### 15. PWS and Acquisition Package Development:

a. Development of accurate PWSs and acquisition packages are essential for two reasons: first, a Commercial Activity (CA) PWS and the acquisition package must accurately describe the requirements to potential Contractors; secondly, an accurate description of the work must be available for Government cost analysts to develop in-house cost. In the first case, offerors must know specific requirements so they can develop a reasonable bid price. In the second case, the Government cost analysts must base their calculations on performance requirements that are identical for both the

Government and the potential Contractor if the cost comparison is to be considered valid. A complete and accurate inventory of equipment and facilities to be operated, maintained, and repaired is essential when documenting workload.

b. The PWS reflects the technical elements of a comprehensive acquisition package. It is recognized that variations exist among installations. Each installation will have unique requirements for quality, quantity, and timeliness of services. NOTE TO WRITER, blanks, or items in parentheses in this guide require judgments by the writer. When writers find a variance between the situation at their installation and the alternative choices provided in this guide, the writer should develop appropriate clauses/requirements statements.

c. The writer should progress through Part III or VII of this guide paragraph by paragraph. When information is needed, the writer must obtain it. Once received, the information should be arranged in the recommended format for use in the acquisition package. Options or alternatives are presented to meet anticipated differences. Alternatives inappropriate for the local activity must be deleted, leaving the alternative which best meets the requirement.

d. When all necessary descriptions, definitions, and exhibits have been completed, the installation should have a final draft of a comprehensive acquisition package. This guide must not be included verbatim in the installation acquisition package or referred to in the package as a separate reference document. Pertinent information from the guide should be extracted, appropriately tailored to minimum need, and then included in the installation acquisition package.

e. Completing the installation acquisition package is a complex task; however, the completed package will be unique to the installation but will also reflect common elements found in similar efforts. The writer will be required to make judgments that will provide a comprehensive package. Subjective decisions will often be required regarding what or how much information is appropriate. Sometimes a decision to include all available pertinent data will clarify and strengthen the acquisition package. Affected DEH employees and their unions should be given a chance to review the completed PWSs. Comments received should be carefully considered by management. Do not, however, revise the PWS if the comments will not improve it. This review must not include the Government's in-house cost estimate and contract prices which must remain confidential. This review is for management's benefit to assist in making decisions about the cost study.

16. CA Package:

a. A user-level CA package consists of three (3) basic elements:

- (1) Performance Work Statements
- (2) Performance Requirements Summary tables
- (3) Recommended Bid Schedule

The PWS element identifies the work tasks; the PRS tables identify performance levels; and the Bid Schedule proportionately divides the Contractor's prices into output-related components. Work requirements are accomplished, performance is evaluated, and payment is made to the Contractor by major grouping, proportionate to the level of Contractor performance.

b. As a part of the CA evaluation process the Government bids for the same work as potential Contractors. If the work remains in-house, reorganization of the in-house force might occur. It is important that the writer carefully consider all aspects of the regulations covering CA reviews and include all critical or important tasks in the required work. The Government bid must be made based only upon the work specified in the PWS. Do not bid on work formerly accomplished but no longer included in performance requirements. Government bid information is procurement-sensitive and must not be given to unauthorized personnel prior to the opening of bids or offers. Government bids must be prepared (also see AR 5-20) IAW Part IV of the supplement to OMB Circular A-76, "Cost Comparison Handbook." In-house forces often lose when the PWS fails to include all the work, but the Government bid includes the unspecified work.

c. In order for the PWS to be accurate and reflect the need of the installation the writers should possess a high degree of knowledge of the activities being described. The writer must avoid describing more work for the Contractor to perform than the Government would provide if it were performing the service. Similarly, the package must contain no fewer performance requirements than would be asked of Government employees. Special consideration of tasks performed by military personnel (troop labor, not assigned to DEH), which may be continued or discontinued, and which have an effect upon funding for the service needed, must also be made. Make sure that any requirements for a Contractor to support troop project work are specified. Contractors will not claim the obligation to do it all.

d. Do not overlook requirements contained in reference documents (i.e., TM's, manufacturers instructions, etc.). Reference documents will have great impact upon both in-house and Contractor operations. This is especially true of Federal and

military regulations, codes, and directives that are mandatory. Special emphasis on referencing mandatory paragraphs will help to alert both in-house and potential Contractors of the need for compliance with mandatory publications. Contractors who fail to review and comply with referenced publications to the extent specified do so at their own risk. Except where necessary DA Pamphlets, Technical Manuals (TMs), etc., should be advisory rather than mandatory. Avoid incorporating Army, MACOM, or local regulations to the extent possible. However, no regulatory requirements are automatically voided or waived for the Government work forces simply because of the review process.

e. A contract should be easily understood by a person with an eighth grade education, leaving no possibility for misinterpretation. Do not use words or sentences that can be read, or interpreted, in more than one way. Write clear, simple, and concise statements. Technicians are expressly cautioned as they tend to write requirements in a manner understandable only by another technician. Be specific and do not use "coverall" or "catch 22" statements. Do not state what the Government or Contractor will not do unless essential. Write measurable requirements and standards, refraining from stating "how" to accomplish the work.

f. It is essential that improvements be made in communication between the parties or offices interested in the objectives and requirements of a contract. This will, in turn, reduce the workload of all involved. The most troublesome problem for the Contracting Officers is the lack of adequate information upon which they must base contractual decisions, and is generally a result of inadequate communication. The final result, however, is the responsibility of the CA team which prepares the acquisition package.

g. For services, whether a contract is obtained by sealed bidding or by negotiation, the contract format is basically the same. Army Contracting Officers follow a "Uniform Contract Format" (UCF) prescribed by the FAR. The writer should provide input to the Contracting Officer in the same format, using SECTIONS B through M of the UCF as appropriate. Each UCF section requires various information to be inserted. Information to be provided by the DEH staff has been furnished as instructions in front of each contract section in Parts III (Volume I) and VII (Volume II) of this guide. SECTION A is a standard contract form reserved to the Contracting Officer. (Ref. FAR Subparts 14.2 and 15.4, DFARS 214.2 and 215.4 and AFARS 14.2)

h. Decisions as to "residual" in-house functions must be made early in the CA review process as this may affect the manner in which statements are made and will affect workload projections. The residual functions are those Government

positions required for DEH management even if a majority of DEH RPMA functions are contracted out. FAR Part 7 prescribes for: (1) developing acquisition plans, (2) determining whether to use commercial or Government resources or (3) deciding whether it is more economical to lease equipment than purchase it. The DOD FAR Supplement Part 207 describes DOD policy, responsibility, and procedures for DOD's acquisition planning. Also see AFARS Part 7.

i. If the definitions in dictionaries, referenced acquisition regulations or standard acquisition forms are adequate to describe or explain the meaning of terms used in the PWS, no further definition should be included. Those contained in the FAR, the DOD or Army FAR Supplements, or standard contract forms may only be supplemented, not redefined, but should be referenced and supplemented when necessary. Army regulations and other regulations or documents which are referenced may also have definitions which should be referenced or incorporated in a PWS. Although some believe that all information should be in the package, require such inclusion would be excessively bulky and unnecessary duplication. Incorporation by reference, which is permissible, will reduce such bulk. The installation should make the final determination, where permitted, on whether or not to incorporate by reference.

j. Contract Clauses or solicitation provisions (boilerplate) should not be included in the technical portion of a contract. FAR, DOD and Army FAR supplements set forth numerous uniform Contract Clauses and Solicitation Provisions for service contracts. These clauses and provisions are too numerous to summarize herein for general guidance use. When supplementary information is required, they should be referenced but IAW the regulations "shall" not be repeated or paraphrased. For this reason, the writer should become thoroughly familiar with the clauses and provisions prior to any attempt to write a PWS. A better product will be the result. In the event these clauses and provisions are not readily available, it is recommended that the writer visit the contracting office and review the FAR and its supplements clauses and provisions prior to the initiation of PWS writing. All recommendations provided to a Contracting Officer should be accompanied with an explanation, or justification, as to why the recommendation is made. This will enhance the decision making process. (Ref. FAR Part 52, DFARS 252, and AFARS 52)

k. The writer should determine, prior to the initiation of PWS writing, whether to consolidate the separate functional exhibits, attachments, etc., into a single exhibit or incorporate them into the different functional requirements. The better solution is to integrate items whenever possible as this will reduce the possibility of overlapping services.

l. The cognizant technical office must provide any necessary maps and drawings, or provide information as to where they may be obtained or reviewed by potential Contractors. Potential Contractors must be able to prepare a bid from the solicitation itself, without a site visit. However, the Contracting Officer will suggest that the bidder/offeror make a site visit. Maps and drawings must be explicit, clear and detailed, and not conflict with the description/specifications. In those instances where a conflict exists the description/specifications prevail. Writers must be particularly careful and ascertain that existing maps and drawings are up-to-date and include all necessary detail, such as new construction features, and that all dimensions are correct. Incorrect details could result in invalid cost comparisons, favor contracting out, or result in delay or protest. Care must be taken that classified, or secure areas and elements are not compromised by maps or drawings provided to potential Contractors.

m. All known work and services must be listed and included under the contract. When required services cannot be determined as to extent or quantity, the bid schedule may include an indefinite delivery section and these requirements ordered only as needed (Ref. FAR 16.102, 16.502 and 16.503, and DFARS 216.502 and 216.503). Unknown extent or quantity requirements within the contract scope should be priced at unit or hourly rates and materials at actual cost to the Contractor. The only item remaining for negotiation should be the numbers of units (or manhours) to complete the project. All overhead (G&A) and profit should be included in the unit or hourly rates. This method includes prices based on cubic yards (yd3), square feet (ft2), square yards (yd2), etc., and should include any profit. A combination of these methods may also be used. The Contractor is responsible for providing the necessary skills to do the work. Negotiation of skills is not deemed necessary as a Contractor must provide the specified and acceptable end product or service.

n. If Government property or service will not be provided, do not include statements such as "The Government will not provide," etc. This tends to confuse the Contractor or cloud other issues. Each contract must stand on its own, as written, to include any references. Any unclear or ambiguous statement will be deemed against the drafter (i.e., the Government). Of critical importance is a clear, simple, and concise meaning as to what work or service the Contractor will provide and what the Government will do in return (i.e., pay him). As an example, if the Government states it "will not provide supplies for custodial service," but does not state the Government will not provide supplies for other services, Contractors might conclude the Government will provide them for the other services and controversy would result. The Government should conduct a serviceability inspection on all



Government-furnished Property prior to solicitation and the results provided to all potential Contractors.

o. The definition for utilities is contained in FAR 8.301. This definition includes electricity, gas, water, steam, and sewerage which are available to the general public and are performed by the local government or by private companies ordinarily subject to State or local government regulation. It includes snow removal plus the removal and disposal of garbage, trash, and rubbish when the services are performed by public agencies or utilities on a contract basis and may, or may not be, subject to public regulation. This term does not include telecommunication services.

p. The Comptroller General and Contract Appeals Boards give more weight to contract statements that are highlighted. For this reason capitalization and underlining statements in a contract should be reserved to important items.

q. Bulk funding, as defined in FAR 13.101, means a system whereby a Contracting Officer receives authorization from a fiscal and accounting officer to obligate funds on purchase documents against a specified lump sum of funds reserved for the purpose for a specified period of time rather than obtaining individual obligation authority on each procurement document. The Bulk Funding concept shall be used to the maximum extent practicable to reduce processing delays, double handling, and documentation." Orders placed against indefinite delivery contracts should use this acquisition procedure. Using the bulk funding procedures for indefinite delivery items will allow a DEH to retain control of DEH funds through control of work orders, but will not require certification of funds for each work order issued IAW ordering clauses. See the installation Finance and Accounting Officer to determine necessary accounting procedures.

r. In a RPMA CA contract using the deduct concept described in OMB Circular A-76, payment analysis should be used for critical functions. Noncritical functions should be inspected IAW the contract clause entitled "Inspection of Services" (fixed-price or other). COR, QAE, and inspectors must have training and experience in designing random sampling plans and obtaining samples, and must be able to calculate percentages for payment analysis utilizing results of random sampling, prior to being assigned to monitor a contract containing payment analysis features. Installations must provide the necessary training as any failure to do so should result in the Contracting Officer refusing to accept the untrained COR to monitor the contract. Army acquisition regulations require the Contracting Officer to "assure to himself" that a COR designated to monitor a contract has the necessary training and experience. Acquisition regulations

provide necessary guidance and controls but must be utilized properly to insure that the Government receives what it pays for. A positive incentive program is deemed of more value in assuring work is accomplished in a satisfactory manner than is the deduct concept outlined in OMB Circular A-76 (Ref. DFARS 246.102-72(3) (ii)). The DEH is primarily interested in assuring needed work is accomplished satisfactorily rather than taking a deduction for non-performed or unsatisfactory work. A Contractor wants profit. Deductions, if necessary, can be taken IAW the inspection of services clause. Further, incentives are entirely at the discretion of the Government. Deductions are subject to the disputes clause. Incentives are generally easier to administer and cause less friction between Contractor and Government agents. Incentives can also apply to both in-house or contract operations. Examples of PRS tables for RPMA PWSs are contained in SECTION E of Volume II (Part VII).

s. SOPs developed for Government use, if available, should be provided to potential Contractors as information only (for use if the Contractor desires). Care must be taken that Government SOPs do not confuse potential Contractors as to actual need. Do not require Contractors to follow a Government SOP unless absolutely necessary. Contractors should develop their own SOPs. If deemed appropriate, Government specialists should provide input to a Contractor as an aid in development of a Contractor SOP. This would insure that a Contractor has taken into consideration all contract requirements. Government SOPs, along with referenced documents, forms, etc., should be placed at a central depository and made available for potential Contractor review at all reasonable times. Limited copy facilities, if available, should also be provided.

t. Acquisition regulations and directives provide for many types of contracts, from fixed-price to cost reimbursement. However, under the CA program, DEH RPMA functions are best suited for firm fixed-price, fixed-price, or combination fixed-price and indefinite delivery type contracts. Cost reimbursement types of contracts should not be used unless the requirement cannot be adequately identified. DEH functions can be adequately identified but cannot always be quantified. The inability to quantify needs, by itself, is not adequate justification to use a cost-plus type contract. In addition, under cost reimbursement contracts, it is difficult to compare the Contractor's costs, which are not fixed or final until after the contract is complete, with that of the Government cost estimate. The cost-comparison requirement under the CA program is critical in making the decision to contract out or retain the work in-house. Paragraph F1 of chapter 2 of Part 1 of the supplement to OMB circular A76 states that contract cost shall be based on a firm bid or proposal competitively obtained IAW applicable acquisition regulations. The Contractor's price

must be fixed at the onset of the cost comparison analysis conducted during bid evaluation in order to avoid an incorrect comparison and decision regarding cost effectiveness and to avoid appeals from labor unions and affected employees. Incorrect decisions will normally result in increased costs (rather than savings) or may endanger the RPMA mission. Good review, however, should result in substantial savings at no loss to mission support whether the work is retained in-house or is contracted out.

The writer must incorporate the latest management study findings into the PWS. If coordinated properly, the study will supply the writer information concerning workload, help establish performance standards and measurable acceptance quality levels (AQL), which will make the PWS an acquisition package a more viable and meaningful package. The installation should establish an audit trail for a division of residual and PWS personnel if the activities remain in-house. Losing Contractors, via the Freedom of Information Act (FOIA), do request costs associated with the in-house work force. Therefore, costs of the in-house and residual staff must not be mixed where such mixture would reflect in-house bid (e.g., MEO) information. Contracting Officer, as used in this guide should be given the full meaning as defined in FAR Subpart 2.1, DFARS 202.1, and AFARS 2.1 to include the authorized representatives of a Contracting Officer acting within the limits of their authority.

#### 17. Solicitation of Bids:

a. Prior to initiation of any contractual action by the Contracting Officer the purchase request forms (DA Form 3953) in the original and documentation supporting the proposed acquisition must be checked for proper purchase authority, adequate specifications, certification of funds, and signatures. Upon satisfactory determination that the acquisition is proper, the IFB (or RFP) will be prepared. For all service contracts (including small purchases) which include an estimated \$2,500 or more for labor, an SF 98, with attached required pertinent data, must be submitted to the Department of Labor for any applicable wage determination. If time does not allow the solicitation to include a wage rate schedule, wording that the schedule will be negotiated into the contract upon receipt of the schedule should be included.

Normally, 45 or more days is required to obtain service contract wage rate schedules. Wage rate schedules for construction are available from the Superintendent of Documents (see FAR 22.404-1). Changes are published in the Federal Register. When possible, the SF 98 should be prepared and submitted during the acquisition package preparation time period in order to reduce acquisition lead time. The user should identify skills required and comparable Government employee grades to be inserted in the SF 98. Alert the Department of Labor that the SF 98 relates to a CA study as at least one (1) potential Contractor has obtained a

copy of the SF 98 in order to obtain MEO information. Contracting Officers must document reasons if sealed bidding is not appropriate. (Ref. FAR Part 14, DFARS Part 214 and AFARS Part 14)

b. Pre-invitation notices may be sent to all potential bidders on any contract to be formally advertised. These notices should be sufficiently in advance of the IFBs/RFPs to stimulate interest on the part of the greatest number of Contractors. (See FAR 5.205 and 7.303 for additional requirements for CA cost reviews under OMB Circular A-76.) Preinvitation notices should:

(1) Describe the work in sufficient detail to disclose the nature and volume of work;

(2) State the location of the work;

(3) Include tentative dates of issuance of invitations, opening of bids, and estimated time of completion;

(4) State where plans, if any, will be available for inspection without charge;

(5) Specify a date by which request for an IFB should be submitted; and

(6) Expressly notify Contractors that, if no bid is to be submitted, they should advise the Contracting Officer whether future notices are desired.

c. The acquisition office establishes and maintains a bidders mailing list. For each contract, as much of this list will be used as is compatible with reasonable efficiency and economy. If the number of Contractors for the supplies or services is excessive, the number of firms to be solicited may be reduced. The fact that an entire list is not used will not preclude furnishing bidding data on request to firms not previously invited to bid. When less than the entire list is used, names will be rotated to assure fairness and impartiality to all firms concerned; however, the successful bidder on a previous acquisition for the same or similar items will be included on the next solicitation for those items. (Ref. FAR 14.205 and DFARS 214.205)

d. Except for bid bonds (if any), representations, certification, and statutory cost information, the solicitation should not require the bidders to furnish with the bids any data whatsoever unless the Contracting Officer needs it to determine before award whether the products offered meet the specifications and to establish exactly what the bidder proposes to furnish. The solicitation may require data to be submitted by the low bidder after bid opening and prior to award. When a "Hometown" or

similar labor plan applies as an exception, forms should be issued with instructions for filling out and returning clearly indicated.

e. Except when authorized by exception, solicitations of DOD agencies which may result in an award in excess of \$25,000 must be publicized in the Commerce Business Daily. Except in emergency, bidders should be allowed not less than 30 days to prepare their bid or offer. (Ref. FAR Part 5, DFARS Part 205, and AFARS Part 5)

f. Solicitation of bids without adequate funds must be made IAW requirements to incorporate the proper availability of funds clause or clauses. When such clauses are used, supplies or services must not be accepted by the Government until the funds are available to the Contracting Officer and the Contracting Officer has given notice of availability, confirmed in writing, to the Contractor of such availability. (Ref. FAR 15.405 and 32.705-1)

g. Any potential bidder, sub-bidder, material or equipment supplier, or other interested party may be permitted to secure IFBs/RFPs upon request. Generally, a charge for bidding data will not be required if the administration costs and loss of effort equal or exceed the value of the materials. If charges are required, charges must not exceed the estimated cost to the Government of the materials for which the charge is made.

h. Returnable deposits are normally preferable to charges since the latter may tend to restrict competition.

i. In order to assure control of information given to bidders, the Contracting Officer will authorize a limited number of qualified personnel in the acquisition office to answer all questions received prior to contract award. The following statement should appear in every IFB/RFP:

(1) All questions concerning the bidding or any other phase of this solicitation shall be addressed to (specify), telephone no. (specify).

(2) Personnel authorized to answer questions should coordinate with other technical personnel or elements as necessary to assure the accuracy of the answer. Where information that may affect a bid is requested, an amendment making such information available to all potential bidders must be issued.

j. The Contracting Officer must assure that amendments to IFB's clearly and accurately set forth the new or changed requirements. The Contracting Officer must also assure that changes to specifications are also reflected or changed on any

applicable drawing. Any time an amendment is made, a record must be made for the files as to whether the amendment does or does not affect the price, quantity, or quality of the work. If the amendment affects the price, a price breakdown must be included in the record setting forth in detail the estimated amount. This record is essential if there is any disagreement after bid opening as to the effect of a particular amendment. (Ref. FAR 14.208)

k. Special consideration must be given to the effect of any amendment on time for completion of work or deficiency and the time of bid opening. If the amendment significantly increases the amount of work, the completion date may need an extension. When the amendment will require additional time to prepare bids, the time of bid opening must be appropriately extended. Normally, a minimum of 10 days should be allowed between the issuance of an amendment to an IFB/RFP and the date for bid opening, except in the case of emergency.

l. Solicitations should not be canceled unless the supplies or services are no longer required or where amendments to the solicitation are of such volume and complexity that a new solicitation is desirable. When a solicitation is canceled, bids/offers which have been received must be returned unopened. Notice of cancellation will be sent to all potential bidders/offers to whom invitations were issued. The notice will identify the solicitation, explain the reason for cancellation, and advise them that they will be given an opportunity to bid/offer on any resolicitation. Potential bidders/offers should be notified as early as possible when it is necessary to postpone an opening. If only a short period remains before opening, holders of the solicitation should be notified by telephone or telegram and confirmed by a formal amendment. (Ref. FAR 14.209)

m. There are two (2) categories of contract subline items which are used by DOD when necessary for contract performance or administration purposes to identify subordinate requirements. Those for information purposes only must not be scheduled separately for delivery, shipment or performance or separately priced for payment purposes. The second category comprises subline items that have separate delivery schedules, separate identification at time of shipment or performance and are separately priced for payment purposes. Both categories are used at discretion of the Contracting Officer. (Ref. DFARS Subpart 204.70 and AFARS 4.70)

18. Receipt and Evaluation of Sealed Bids:

a. All bids received prior to the time fixed for the opening must be kept secured and unopened in a locked bid box until the time of opening. Bid modifications received prior to a bid opening will be handled in the same manner. (Ref. FAR 14.401)

b. The Contracting Officer will designate those persons authorized to open bids. Any Government official or employee is authorized to serve or act as a witness at bid openings. (Ref. FAR 14.402)

c. When a late bid, modification of bid, or withdrawal of bid is received and it is clear from the available information that it cannot be considered, the Contracting Officer will promptly notify the bidder that it was received late and will not be considered. (Ref. FAR 14.304-2)

d. A late modification or late withdrawal is subject to the rules and procedures applicable to late bids. However, a late modification of an otherwise successful bid may be opened at any time it is received, and if in the judgment of the Contracting Officer it makes the terms of the successful bid more favorable to the Government, it will be considered. (Ref. FAR 14.303)

e. After bid opening, personnel of the acquisition office will forward to general counsel (GC) for review of all bids, bonds, or any data submitted with bids in order to assure that bids have been properly executed, and that bonds are in proper amount and within the surety agents authority. Bids will also be reviewed for any possible errors and to assure that the bidder has not taken any exception or qualification to the terms of the IFB/RFP. In those instances where an irregularity is discovered, the matter must be carefully reviewed and fully documented in the files to permit later explanations of the Contracting Officer's decision and action. (Ref. FAR 14.405)

f. The apparent low bidder should be requested to verify his bid in writing prior to award. If, in the opinion of the Contracting Officer, an award should not be made because of difference in bidding, even though the bidder has checked his bid and disclaims any error, the case should be referred to GC for advice. (Ref. FAR 14.406 and DFARS 214.406)

g. Purchases must be made from and contracts must be awarded to responsible Contractors only. A potential Contractor must demonstrate his responsibility in a positive manner. The Contracting Officer must make a written determination of nonresponsibility if the information obtained through pre-award survey and other pre-award procedures does not indicate

clearly that the potential Contractor is responsible. A Contractor must:

(1) Have adequate financial resources or ability to obtain them.

(2) Be able to comply with the performance schedule, taking into consideration all existing business commitments and the capacity of his plant and personnel.

(3) Have a satisfactory record of performance to include quality.

(4) Have a satisfactory record of integrity.

(5) Be otherwise qualified and eligible to receive an award under applicable laws and regulations.

h. If current and adequate information bearing on responsibility commensurate with the dollar value and complexity of the acquisition is not available, a pre-award survey must be conducted. The Contracting Officer will normally request the appropriate Army Audit Agency (AAA) officials to do this. Civil works elements of OCE and Civil Agencies normally conduct their own pre-award surveys. (Ref. FAR 9.106 and DFARS 209.106)

i. Potential Contractors must not be rejected as nonresponsible without review by GC.

j. In making a determination of nonresponsibility by reason of a poor performance record, personnel should be aware that a record of performance which potentially results from a lack of capacity or credit, as opposed to a lack of tenacity or perseverance, may cause GC or the Small Business Administration, as applicable, to determine that the Contracting Officer's determination was in fact based on lack of capacity or credit.

k. Documentation in support of nonresponsibility must present current factual evidence for the Contracting Officer's determination. The evidence should include, but not be limited to, evaluations of the Contractor's performance on other Government contracts; correspondence from the Contractor in reply; and if available, photographs of past unsatisfactory work.

l. A bid must be rejected if it is nonconforming. When the low bid is considered excessive, all bids may be rejected. In such an event, the sponsor will be notified promptly of the rejection and of what manner the Contracting Officer recommends for completion of the work. (Ref. FAR 14.404 and DFARS 214.404)

19. Protests Prior to Award:

a. The proper handling of protests before the award of a contract is of the utmost importance to both the Government and the potential Contractor. Improper handling may result in the loss of an entire project for the Government. GC will be contacted for advice and guidance with regard to all protests received prior to award, and award will be withheld pending receipt of the advice. (Ref. FAR Subpart 33.1 and AFARS 33.1)

b. Protests as to the size status of the low bidder will be referred to the SBA. (Ref. FAR Part 19, DFARS Part 219, and AFARS Part 19)

c. Many protests are based upon a challenge of the low bidder's conformance with the provisions of the IFB/RFP. These may be on technical or general grounds. In each instance, such protests must be carefully evaluated in order to assure that the Government does not arbitrarily dismiss a valid point. Normally, these protests concern issues such as mistakes, tie bids, discounts, paired bids, qualified and non-conforming bids, and failure to acknowledge amendments or minor informalities. CA review proposers generally protest methods used for comparison of bids or offers. Such comparisons must be fair and impartial.

d. Occasionally, protests challenge the responsibility of the low bidder. Any facts presented by the protester must be considered in making the initial determination of responsibility.

e. A protest may be filed with the Contracting Officer or directly to the Comptroller General. The effect of either is the same; information must be gathered, arguments from all interested parties must be heard, and final decision must be rendered. During this period, award must be withheld. There are authorities that permit award in emergency circumstances, but these are rarely exercised. (Ref. FAR Subpart 33.1)

20. Contract Award:

a. Sealed bid contracts are normally awarded to the low, responsive and responsible bidder. In determining the successful low bidder, the Contracting Officer must assure that matters affecting bottom-line cost/price are properly considered. (Ref. FAR Subpart 14.4, DFARS 214.4, and AFARS 14.4)

b. The Contracting Officer must make an affirmative determination that any potential Contractor is responsible prior to award. His signature on the contract constitutes such determination. The file must contain appropriate memorandums and

other data which establish the Contractor's responsibility. Determination of nonresponsibility must be based upon fact rather than opinion. Only current factual data will be used to support a determination of nonresponsibility.

c. No contract award will be made until all errors, informalities, and protests have been resolved.

d. No contract is awarded until a reasonable period of time has passed after bid opening in order to assure that all late bids have been received and properly considered. Contracts set aside for small business should not be awarded until the close of the fifth workday after bid opening.

e. No contract of \$1 million or more is awarded until the Contracting Officer determines that the proposed Contractor maintains nondiscriminatory hiring and employment practices and is taking affirmative action to assure that applicants are employed, placed, trained, and similarly treated without regard to race, color, religion, sex, or national origin. The Contracting Officer is required to obtain this clearance from the Director, Office of Federal Compliance Programs (OFCCP). (Ref. FAR 22.805 and DFARS 222.805)

f. As soon as the award has been executed, a notice of award must be sent to the successful Contractor. The notice must set forth the exact start and completion date for performance of the work.

g. Simultaneous with the notice of award, or as shortly thereafter as possible, a notice must be mailed to all unsuccessful bidders, giving the name of the successful bidder and the amount of the contract award. If award is made to other than the low bidder, the notice must state the reason for rejection of the low bid, but need not identify the amount of the low bid or the name of the low bidder.

21. Special Advertising Techniques:

a. Two-Step Sealed Bid: Two-step sealed bidding is a method of competitive procedures that is conducted in two distinct steps when adequate specifications are not available. Step one consists of a request for, and submission and evaluation of, a technical proposal (without pricing) to determine compliance of the proposed work with the technical matters. Step two is the submission of price bids, and is limited to those firms who have submitted acceptable technical proposals under step one. Bids are based on the technical specifications and the proposer's technical proposal with award to the low, responsive, and responsible bidder. (Steps one and two may be conducted in the same time period but separately packaged for evaluation purposes. This method is especially useful when several methods exist to perform services.)

(1) Conditions for Use:

(a) Two-step sealed bidding is suitable for the acquisition of commodities or services that can adequately be described by performance specification and where there are many possible acceptable solutions for fulfilling the Government's requirements. This method may be used for projects which involve new applications of existing techniques and methods.

(b) Disadvantages: Two-step sealed bidding has two major disadvantages. The time involved in preparation and award may be significantly longer than required for a standard sealed bid contract. Also, Government personnel must assure that technical proposals are properly evaluated and this requires many work hours. Two other disadvantages are that few Contractors are willing to prepare proposals without assurance of a contract (due to the expense), and Contractors are prone to protest if their technical proposal is rejected.

(2) Specifications and Evaluation Criteria:

(a) Specifications: Specifications for two-step sealed bid projects should be performance-type specifications which provide dimensions, weight, speed, fuel or energy consumption, number of rooms required, height, or similar factors. They should not limit design of any particular product, commodity or material nor should they limit reasonable flexibility of potential bidders in providing the required product from standard commercial supplies to the maximum extent possible.

(b) Evaluation Criteria: Each RFP for a two-step sealed bid advertising must specifically set forth the criteria by which technical proposals will be evaluated and the

information that must be included in the technical proposals for evaluation purposes. Evaluation criteria must be specific and only on an acceptable/nonacceptable basis.

b. Multi-year Procurement: The principal objective of multi-year procurement is to increase competition and Contractor interest in acquisitions which involve high startup costs. Multi-year acquisition will only be utilized when there is a continuing requirement for the supplies or services and the furnishing of which involves a substantial initial investment in plant equipment or the occurrence of contingent liabilities, and when such a contract will promote the interest of the Government by encouraging more effective competition and promoting economics of operation. Sponsors of such acquisitions must recognize that state-of-the-art advances do occur and make allowance to incorporate such advances into the later purchases whenever practicable. (Ref. FAR Subpart 17.1, DFARS 217.1, and AFARS 17.1)

22. Negotiation:

a. Contracts awarded without sealed bid procedures are negotiated contracts. Technically, Small Business set-asides are negotiated contracts; however, they are treated as sealed bid contracts for all aspects except as to the negotiation authority cited. Competitive negotiation is always used for the acquisition of A-E and professional E-S contracts and for issuance of change orders to existing contracts. Negotiation means contracting through use of either competitive or other-than-competitive proposals and discussions. Types of negotiation include the following:

(1) Price negotiation involves the solicitation of price proposals from several sources in a manner similar to that employed by sealed bidding. The basic difference is that proposals are solicited only from selected firms (although a request for a copy of the solicitation from a nonselected firm normally must be honored) which the Contracting Officer is confident have the resources and capability to complete the work. Price negotiation generally is used only for urgent or technical services where it is essential that the work be accomplished as expeditiously as possible and in strict compliance with the specifications. (Ref. FAR Subpart 15.8, DFARS 215.8, and AFARS 15.8)

(2) Single-source contracts may be justified on the basis that the firm is the only firm capable of providing the required supplies or services (sole source) or the urgency of the requirements preclude going to other sources. Change orders to contracts are always negotiated on a single-source basis.

b. Request to negotiate other than full and open competition. When the Contracting Officer considers negotiation necessary and has not been delegated authority, a request for such authority should be made through the GC in writing to the HCA. Any sponsor request should include the following information:

- (1) Description of project.
- (2) Estimated amount.

(3) Whether the contract can be placed through competitive negotiations with several Contractors or by a proposal solicited from one source only. If competitive negotiations are feasible, state the number of firms that should be solicited. If one source, include justification as to why only one firm can do the work.

(4) Specific data establishing why sealed bids or full and open competition is not feasible and negotiation is necessary.

c. Determination and Findings (D&Fs), must be made for contracts negotiated under other than full and open competition D&Fs must be executed by the Contracting Officer and placed in the contract file prior to commencement of negotiations.

#### 23. Request for Proposals:

a. A request for proposals (RFP) must clearly and accurately describe the work desired, and the information required to be included is identical to that used in sealed bidding with minor differences. Accordingly, the provisions concerning sealed bids are generally applicable to this part except for the differences noted hereinafter. (Ref. FAR Part 14, DFARS Part 214, and AFARS Part 14)

##### b. Differences:

(1) The content of RFPs varies depending upon the type of negotiation being used. For example, for a contract being awarded through competitive negotiations, the RFP must include terms and provisions as full and complete as those required for sealed bids. In contrast, negotiation on a single-source basis may only forward to the potential Contractor a technical description of the work since the special contract requirements, terms, conditions, completion dates, and similar other factors can be discussed with the proposer and are subject

to negotiation.

(2) In contracts being awarded on the basis of technical competition, potential Contractors are frequently interviewed. Prior to these interviews they may be furnished only with general experience and similar data. On completion of interviews and selection of a Contractor, a more detailed RFP must then be furnished to the selected firm in order to provide sufficient information to enable the firm to prepare the price proposal.

(3) Information required in connection with the selection of professional firms is normally maintained in other offices. For some acquisitions this information may not be sufficient and requests for additional or updated information may be appropriate. This information should be requested prior to interviews if interviews are held.

(4) When a contract is not negotiated on the basis of price competition, the Contracting Officer must obtain a price breakdown from the potential Contractor. This breakdown must be in sufficient detail to enable the Contracting Officer to analyze and determine the reasonableness of the various components. Negotiated contracts and change orders which involve an amount of \$100,000 or more are subject to the provisions of FAR 15.804, DFARS 215.804, and AFARS 15.804 concerning submission of current cost and pricing data. The Armed Services Pricing Manual (ASPM) (Vol I, Contract Pricing, and Vol II, Price Analysis) provides detailed discussions and examples applying pricing policies to pricing problems. ASPM is available from the Superintendent of Documents, U.S. Printing Office, Washington, D.C.

c. An RFP normally should be in sufficient detail to preclude the necessity for a pre-proposal conference; however, it may be in the best interest of the Government to assure that terms and provisions of the RFP are adequate. Conduct of a pre-proposal conference is essentially identical to that for a pre-bid conference. (Ref. FAR 15.409 and AFARS 15.409)

d. Offerors generally expend substantial time and effort preparing their proposals, and are significantly interested in learning why they were unsuccessful. When a contract is awarded on other than basis of price, unsuccessful offerors must be debriefed upon their written request. The debriefing must be limited to the unsuccessful offer and scope. FAR 15.1003 and DFARS 215.1003 should be reviewed immediately prior to any debriefing to insure acquisition regulations are followed.

#### 24. Conduct of Negotiations:

a. Most negotiations, whether for supplies or services for which the Contracting Officer has blanket authority or for case-by-case approval, should be handled by a contract negotiation team made up of members of the acquisition element and specialized personnel as required to accomplish the purpose as, in the Contracting Officer's discretion, will best serve the interests of the Government. The specialized or technical personnel required may be drawn from any available agency resource. (Ref. FAR Parts 6 and 15, DFARS 206 and 215, and AFARS Part 6)

b. Negotiations should be by team concept for contracts in excess of \$25,000 when deemed appropriate by the Contracting Officer. A team may be constituted for any acquisition of whatever amount when highly technical matters are involved.

c. The team should consist of a senior member and one or more individuals selected by the Contracting Officer or other designated official when appropriate. The senior member should be from the contract office and, based upon the technical or specially needed, the other individual(s) may be selected from any other element of the agency. For the purpose of training, other members of the acquisition office may be selected to act as observers. (Ref. FAR 15.805 and DFARS 215.805). The following procedures apply to selected team members:

(1) All actions of the team must be for "OFFICIAL USE ONLY" until approved or otherwise cleared for release by the Contracting Officer. The team should maintain a complete file of each team action to consist of a negotiation memorandum, scope of work and any other data or exhibits that were considered in connection with the teams action.

(2) The team is guided by the principles set forth in FAR Part 15, DFARS Part 215, AFARS Part 15, and other directives as may be applicable to the matter under consideration.

(3) To assure the exercise of independent judgment any member may submit a negative memorandum setting forth his views or objections concerning any matter considered.

d. Negotiated acquisitions conducted on the basis of price competition are never publicly opened and the identity of unsuccessful proposers or the contents of unsuccessful proposals are not revealed. The Contracting Officer exercises sole responsibility for the final pricing decision. (Ref. FAR 15.805-1(a)).

e. Competitive negotiation should not be used if

complete plans and specifications are available and there is reason to believe that sealed bid procedures would produce timely responsive bids. Competitive negotiation cannot be used to hand pick proposers or eliminate undesirable ones. If a firm that was not invited to participate requests the RFP, the request must be honored. Any proposal submitted must be evaluated on its merits. It is Government policy to make award to the low responsible conforming proposer without any negotiations whatever, whenever the initial proposals received make award feasible. Accordingly, every request for the submission of competitive price proposals should contain the following statement:

"Pursuant to 10 U.S.C. 2304(g), the Government may award a contract based on initial proposals received without discussion. Accordingly, initial proposals should be submitted on the most favorable terms, from a price and technical standpoint, which the offeror can submit to the Government."

f. The number of offerors solicited, the number of proposals received, the name and address of each offeror receiving award, and other data will be provided to each offeror promptly after award. (Ref. FAR 15.1001 and DFARS 215.1001)

g. Late proposals for a negotiated acquisition being conducted on the basis of price competition are treated in the same manner as late sealed bids. The determination as to whether or not the late proposal will be considered is determined on the basis of the provisions of the late proposals clause. (Ref. FAR 15.412)

h. All proposals must be received and carefully reviewed in the same manner as that prescribed for sealed bids. Irregularities in proposals are handled in the same manner as for sealed bids.

i. In most cases, contracts being negotiated on the basis of price competition will be awarded without discussions, meetings, or modifications of the RFP's or proposals submitted. However, in some circumstances, negotiations may be warranted. For example, when all prices received are unreasonably high, or when all proposals received are in some way nonconforming to the request. In such instances:

(1) All negotiations will be conducted in writing.

(2) All conforming proposers will be afforded an opportunity to revise the technical and price portions of their proposals.



(3) Only firms who submitted proposals in the competitive range and have a reasonable chance for award will be afforded an opportunity to participate in negotiations.

(4) All requests for additional information must establish a new time and date for submission of the information, and advise proposers that this information will be subject to the provisions of the late proposal clause modified by deleting "initial proposals" and substituting "proposal modifications."

j. Whenever negotiations are conducted with more than one (1) offeror, auction techniques are strictly prohibited. In no event will a proposer be advised of the prices submitted by other proposers nor will a proposer be advised as to the price he must meet in order to obtain award. However, proposers may be advised that their prices are too high for the Government to consider.

k. Technical competition is a method employed to select a Contractor where the qualifications of the Contractor are of greater importance than the ultimate price of the contract or where the nature of the services to be acquired make price competition impracticable. Technical competition is never used for contracts of small dollar value (less than \$2,000).

(1) The selection of the Contractor (or source) is the responsibility of the HCA or their designees. Unless another official is designated to select the source for contract award, the Contracting Officer is responsible. Sponsor justification, in the form of a written recommendation to the Contracting Officer, should include an explanation of the reasoning on which the sponsor recommends a particular firm. The Contracting Officer must specify, in writing, his approval or disapproval. (Ref. FAR 15.604, and AFARS 15.604)

(2) After approval, the Contractor who is selected will be advised that the Contracting Officer wishes to receive a price proposal for the services in question with a view toward entering into a contract, if a satisfactory price agreement can be reached. It should be clearly stated that this notice is not an award or a commitment by the Government. Suggestions that the Contractor visit activities or incur other costs in preparation for the price discussions are undesirable; however, if essential, it should be stated that the suggestions are made for the Contractor's benefit, that any decision by the Contractor to comply is at his own discretion, and that the Government will not be responsible for the costs incurred.

l. On completion of technical competition, the price will be negotiated under the same procedures as those set forth below

for one-source negotiated procurements. The Contracting Officer exercises sole responsibility for the final pricing decision.

m. One-source negotiations are used where a contract is being awarded to a sole source for the required supply or services, after technical competition has been used to arrive at a single firm, and where urgency precludes the consideration of other potential sources. (Ref. FAR 6.302, DFARS 206.302, and AFARS 6.302)

n. Prior to initiation of price negotiations, the potential Contractor must be furnished with a detailed RFP for the work to be performed and will be requested to forward to the Government a detailed breakdown of his price proposal. As a minimum, this breakdown should include skills to be employed; estimated number of hours; equipment ownership or rental prices; proposed subcontractors; job site overhead; home office overhead including general and administrative expenses; profit; estimated travel; and bond costs. The Contractor should be provided with all necessary forms to include any attachments, and requested to prepare his estimate in the same format the Contracting Officer uses in preparation of any Government estimate. This will facilitate analysis of the price proposal and identify any areas of disagreement to be considered during negotiations. (Ref. FAR Subpart 15.8, DFARS 215.8, and AFARS 15.8)

o. Price reduction for defective cost or pricing data involves the submission and certification of cost or pricing data for noncompetitive price proposals in excess of \$100,000. Prime Contractors and subcontractors are required to submit cost or pricing data with proposals for sole source negotiated acquisitions in excess of \$100,000. Prime Contractors and subcontractors are required to certify that the cost or pricing data submitted are accurate, complete, and current. Where certification is obtained, a clause for price reduction will be incorporated permitting adjustment of the established contract price to exclude any significant amounts by which the price was overstated because defective cost or pricing data were submitted. The requirements for submission and certification of cost pricing data do not apply in cases where the negotiated price is based on (1) adequate price competition, (2) established catalog or market prices of commercial items sold in substantial quantities to the general public, (3) prices set by law or regulation; or (4) in special cases where a waiver is obtained. (Ref. FAR 15.804-7, DFARS 215.804-7, and AFARS 15.804-7)

p. The Contracting Officer must assure compliance with Public Law 87-653 (10 USC 2306 f, "The Truth in Negotiations Act". In all one-source negotiated contract actions in excess of \$100,000 which require cost or pricing data, the Contractor will be

required to submit or identify, in writing, the factual data which are the basis or source of significant elements in their proposal price. The following procedures are required for proposals exceeding \$100,000:

(1) Advisory Audits: When deemed appropriate, the Contracting Officer will request an advisory audit. The DCAA conducts this service for the DOD.

(2) Certificate of Current Cost or Pricing Data: A certificate will be obtained as soon as practicable after agreement has been obtained. The Contractor should be required to submit only one (1) certificate. (Ref. FAR 15.804-2 and DFARS 215.804-2)

(3) Contract Pricing Proposal: A contract pricing proposal must be obtained. Each proposed price element must be substantiated by the Contractor by attaching separate pages of cost or pricing data supporting the specified price element or stating where it may be found.

(4) Both the Independent Government Estimate (IGE) and the Contractor's cost and pricing data should be used to arrive at a fair and reasonable price.

(5) In the event the Contractor refuses to submit the required cost or pricing data the Contracting Officer will withhold award and the matter will be forwarded to general counsel (GC) for advice as to the appropriate action to be taken.

q. After receipt of the price proposal, the contract office should carefully review and compare it against the IGE in order to determine whether or not there are any significant differences. If the Contractor's proposal is equal or less than the IGE, all elements of the proposal are in line with the RFP and IGE, and the Contracting Officer is fully satisfied that the Contractor has a complete and full understanding of the work to be performed, award may be made without further negotiation. If the price proposal varies significantly from the IGE, the Contracting Officer will schedule a meeting with the Contractor for the purpose of negotiating the work to be performed to assure that there is no misunderstanding between the Government and the Contractor as to the nature and extent of the work.

r. In the negotiation of price, all prices submitted by the Contractor which represent fair and reasonable estimates of direct cost items, as well as reasonable amounts for job site and home office overhead, normally are allowable. Items that are not allowable are entertainment, profit on top of profit (in the case of subcontracts with wholly owned subsidiaries), and other similar

items.

(1) Statutory Cost Limitations: Generally, these limitations apply to military family housing, unaccompanied personnel housing, barracks, fees on A-E contracts, fees for cost type contracts, the construction of warehousing and cold storage, or other such cost type contracts. (Ref. AR 210-50)

(2) Direct Costs: Direct costs include labor, Contractor quality control (if appropriate), labor benefits such as sick pay, vacation and similar normal markups to the basic labor rate, equipment rental (however, for Contractor owned equipment, the "Equipment Ownership Expense Schedule" which is published by the DOD AGC, will be used and only 50% of that rate will be used for suspension of work), the cost of materials required for performance of the work, and all other costs of this type which are required for and are physically incorporated into the finished product.

(3) Overhead: Because of various accounting techniques and procedures, allowable overhead items normally are the most difficult to properly evaluate. Generally, overhead includes job site or field overhead, home office costs and in some instances separate items known as G&A (general and administrative costs). Overhead costs primarily are in proportion to time and are generally independent of the magnitude of work being performed.

(a) Job Site and Field Overhead: Site or field overhead normally includes such items as office (or trailer) expenses, field supervisor, CQC representative, vehicles for field supervision, timekeeper, telephone, equipment required to unload materials delivered to the site, supervision of subcontractors, field engineering services, and miscellaneous labor required for site cleanup.

(b) Home Office Overhead: Home office overhead normally includes items such as the President and Officers' salaries, rent or depreciation on office space, payroll, administrative and clerical costs, travel costs of home office personnel, purchasing and expediting, water, electricity and other utilities for the home office, home office engineering services, legal services, insurance, and rental or ownership costs for home office equipment and storage yards. Contractors must be afforded an opportunity to negotiate the various items of overhead if they so desire. However, when Contractors submit overhead costs, they must be broken down in sufficient detail to permit a reasonable analysis on the part of the Government.

s. Where the total amount of contracts and change orders

involved is less than \$100,000 and where the value of the project and the time involved in performance are proportionate to each other, the following method may be used in lieu of requiring the Contractor to submit a detailed breakdown of overhead: e.g., the Contracting Officer may allow:

(1) Ten percent of labor, material, and rental equipment estimates in lieu of site or field overhead;

(2) Five (5) percent of subcontractor estimates; and

(3) Three (3) percent of the labor, material, and equipment estimates plus the amount computed by 24.r(3)(a) above for field overhead, in lieu of home office overhead.

t. In some instances, the amount of time for completion of a contract or change order is of more importance than the amount to be paid for performance of the work. In such instances, time allowed for performance of the work is a critical item that must be negotiated. Consideration must be given to what is fair and reasonable to the same extent as is given to various items of cost. If work required by a change order will not require additional time, the change order must specifically so state. Matters concerning time should not be postponed and should be negotiated at times prices are negotiated in order to preclude disputes and claims for additional funds.

u. If during the course of negotiations, it is determined the Government estimate is low or in error, but the Contractor's estimate represents a fair and reasonable amount for the work to be performed, the memorandum of negotiations should indicate any appropriate variations or modifications to the estimate which were used to determine that the Contractor's proposal was fair and reasonable.

v. Contracts negotiated with firms pursuant to the Small Business 8(a) program should be negotiated utilizing the same procedures as set forth herein for one-source negotiations.

## 25. Proposal Evaluations:

a. An evaluation of responses to a request for proposals (RFP) for DEH functions can be time-consuming and complex because of the solicitation procedures used to obtain offers. Although current acquisition regulations require that a contract be obtained through sealed bid procedures (whenever practicable and feasible), FAR Part 6 permits the use of competitive negotiation to obtain a contract when best suited to the circumstances of the contract actions. Most DEH functions fall under this category because the amount of work for many of the

RPMA functions cannot be determined and a Contractor's technical capability is essential. Therefore, the use of sealed bids to obtain an umbrella-type contract based on low price/cost for DEH functions would not be practicable nor feasible without placing substantial risk on the Contractor. However, Contractors are expected to accept equitable risk in fixed-price contracts. (Ref. FAR Subpart 7.3 and Part 15 and DFARS 207.3 and 215)

### b. Policies And Procedures:

(1) Negotiation of a contract is accomplished IAW Part 15 of the FAR, DFARS Part 215 and AFARS Part 15. As the nature of DEH functions is known, a Request for Proposal (RFP) as complete as an Invitation for Sealed Bid (IFB) must be prepared. The contents of an RFP are identical to the contents of an IFB except for minor differences. These differences normally relate to the type of negotiation, interviews, technical data requirements, and cost/price breakdown. A pre-proposal conference, if held, is essentially identical to that of a pre-bid conference. All negotiations are conducted by the pertinent Contracting Officers and their staff.

(2) Competitive negotiation cannot be used to hand pick potential Contractors or to eliminate undesirable ones. All offerors who submit acceptable proposals must be considered. Each proposal must be considered on its own merits. It is policy to award to the low conforming offeror without any negotiation when the initial proposals received make award feasible. Accordingly, each solicitation for proposals will contain information to that effect. The technical superiority of a firm may justify acceptance of a proposal more costly to perform if properly selected based on Contracting Officer's determination (see Comptroller General's Decisions No. B0216310, No. B0216310-2, and No. B0216310-3).

(3) It is general policy of DOD that contracts will be awarded to responsive, responsible Contractors only. Procedures for determining responsibility of a potential Contractor are contained in FAR Part 9, DFARS Part 209, and AFARS Part 9, "Contractor Qualifications." A potential Contractor must meet QA standards set forth in FAR Part 46, DFARS Part 246, AFARS Part 46, and DOD Directive 4155.1 regarding quality program requirements to be met by a potential Contractor before being awarded a contract. Contracting Officers must possess, or obtain, information sufficient to "satisfy themselves" that a potential Contractor "currently" meets the minimum standards of FAR Part 9 and DFARS 209. For negotiated contracts, this information may be obtained before issuance of an RFP. A pre-solicitation survey may be conducted when deemed necessary. Notwithstanding, information obtained regarding a potential Contractor's perfor-

mance capability must be as current as possible with relation to contract award date.

(a) Sources of information as to a potential Contractor's responsibility include lists of debarred, suspended, and ineligible Contractors, data from the potential Contractor, existing information within DOD, publications (including credit ratings, trade and financial journals, business directories and registers), suppliers, subcontractors, customers, banks and financial companies, commercial credit agencies, and other Government agencies or commercial sources. The Contracting Officer may also make an on-site inspection of plant and facilities or use any combination of the above.

(b) DOD Contract Administration Service (DCAS): Regardless of apparent sufficiency of information available with respect to standards set forth in FAR Part 9, DFARS Part 209, and AFARS Part 9, if the contract is significant in dollar value, or is of a critical nature, consideration must be given to requesting that the DCAS element, as appropriate to the installation, verify information regarding current workload and financial capability of a potential Contractor. DOD Directive 4105-59-H lists the DCAS elements. DCAS services are provided at no additional cost to the Army.

c. Technical Evaluation of the RFP:

(1) Significant Evaluation Factors: Potential Contractors must be informed in the solicitation of significant evaluation factors and the relative order of importance the Government attaches to price and all other factors. Numerical weights should not be disclosed in a solicitation. Evaluations will normally be made in three (3) general areas, e.g., technical (including management), experience, and cost. The relative importance of each to the other must be determined. As DEH functions vary from highly technical to use of unskilled labor, the functions should be evaluated separately to determine the relative importance of each of the three (3) general areas against the other. Contractor management, however, must be highly responsive in most DEH functional areas.

(2) Planning the Evaluation: Evaluations may be conducted by a Source Selection Evaluation Board (SSEB) or by selected technical analysts. The Chairperson of the SSEB, or the Contracting Officer, as applicable, will provide detailed instructions that evaluators must follow in the review process. The evaluator must follow the instructions because they deal with the integrity of the entire procurement process. Regardless of the method of evaluation or the composition of the evaluation team, careful planning cannot be over-emphasized. Care must be taken

when evaluations impact upon responsibilities of the Small Business Administration (SBA) (Ref.: FAR Part 19, DFARS Part 219, AFARS Part 29, and Section 8(a) of the Small Business Act). Any board finding that a small business is not responsible is subject to the SBA Certificate of Competency procedures which include competency, capacity, credit, integrity, perseverance, and tenacity. SBA findings are conclusive.

(a) Armed Services Pricing Manual (ASPM): All DEHs and their RPMA managers should be familiar with the contents of the manual and have it available for reference purposes. The manual contains instructional material dealing with the whole range of contract pricing, and it should be studied carefully.

(b) DEH Evaluation Support: Normally, the DEH activity will be heavily involved in RFP evaluations. The DEH must be prepared to provide highly trained technicians, specialists, or analysts as necessary. In a CA type review, such personnel must not participate in the preparation of, nor be aware of, the elements contained in the Government bid or offer (unless no other suitable personnel are available), or be adversely affected by the outcome of the CA review (Ref. FAR 7.304 (d) (3)). Good planning, which includes preparation of plans, tables of relative values, graphs, etc., showing important items of evaluation prior to opening of offers will reduce the time and effort required to evaluate the proposals, the possibility of making incorrect decisions, and the possibility of protests, appeals, and delays. Due to the technical complexity of most RPMA work, highly trained professionals knowledgeable of both the work and applicable regulations only should be used to evaluate the offers.

(c) For CA review planning purposes, the study team should prepare a chart or graph based upon the complexity of the CA review. Each Government element involved, e.g., user, contracting office, legal, approval authorities, etc., should input to the chronology to insure that adequate time is allowed for each event. Several events may occur during the same time frame which may impact upon another event. Proper allowance must be made for such events. Evaluators must be aware of the sequence of events in order to plan their time in relation to other assigned duties. The evaluation process requires that evaluators delay their other duties until the evaluation is completed.

(3) Scoring Systems: Tables or evaluation documents showing numerical values must not be provided to potential Contractors and must be marked "FOR OFFICIAL USE ONLY" until award or final decision to retain the work in-house is made. These scoring tables or documents, along with a list of the

technical evaluators, must be provided to the Contracting Officer and are retained in the contract file. Where practicable, technical evaluators should not be aware of the identity of any offeror. However, this is difficult to control or enforce as offerors tend to ignore instructions not to identify themselves in the technical portion of their offer. All efforts possible must be made to insure that the possibility of any bias on the part of any evaluator is removed. Upon completion of the technical evaluation, all scores from the individual evaluators are recorded on a consolidated score sheet which is provided to the Contracting Officer for retention, along with the individual evaluators' score sheets. All evaluators must sign the consolidated score sheet. In the event an evaluator disagrees with any evaluation procedure or finding, the evaluator may provide a separate document outlining the disagreement. Caution to evaluators: do not upgrade marginal proposals in order to have an acceptable proposal. It is better, and wiser, to resolicit the package as marginal Contractors seldom provide quality service.

(4) Negotiation During Evaluation: During evaluation, it may be determined that additional negotiation is required. Negotiation will normally be done by a team consisting of a senior member from the contracting office and members from other elements based upon the technical or other specialties needed. Questions raised by technical evaluators should be written and presented to the contracting office for negotiations where applicable. Questions should be consolidated; however, in urgent situations, questions may be submitted separately through the board (or team) chairperson. Evaluators must have the Contracting Officer's permission to contact potential Contractors for any reason. In a CA review, the offer which is most advantageous to and in the best interests of the Government is chosen for comparison against the in-house bid. The final decision is based only on costs. Normally, no attempt is made to compare this offeror's technical capability against in-house capability, despite the fact that technical capability might outweigh cost factors. Evaluators must be capable of detecting and reporting any shortcomings in the technical capability of any offer which will require additional negotiation PRIOR to requesting best and final offers.

(5) Pre-award surveys are conducted by DCAS upon request of the Contracting Officer (after completion of the technical and cost evaluations to determine the "apparent" successful Contractor). The factors to be surveyed are specified; e.g., technical capability, production capability, plant facilities and equipment, financial capability, purchasing and subcontracting, accounting system, quality assurance capability, transportation, plant safety, security clearance, labor resource, performance record, ability to meet required schedule, and other factors as

specified. Most surveys for a technically complex RPMA contract should be a joint effort of the contracting agency and DCAS.

(6) Offerors expend considerable time and effort in preparing their proposals. They have a substantial interest in learning why their proposals were unsuccessful or rejected. When a contract is awarded on other than basis of price, the unsuccessful offerors must be debriefed upon written request. This debriefing is limited to deficiencies of the offer of the unsuccessful offeror being debriefed.

(7) Each evaluator must be prepared to defend his position on any item of evaluation if challenged. Careful preparation may make an otherwise difficult, complex, time-consuming evaluation relatively simple and reduce the possibility of challenge, appeal, delay, or submission of claims for cost of proposal preparation, etc.

*NOTE: As more DEH work is contracted out, it becomes more important that the DEH and DEH personnel become familiar with acquisition regulations and other regulations that impact upon DEH operations, such as AR 5-20 and OMB Circular A-76. It is highly recommended that each DEH obtain and maintain current copies of the pertinent regulations. The small investment could pay extremely high dividends in the future. DEH should also consider sending appropriate managers to available courses on acquisition matters. In-house, on-the-job instruction and training could also be initiated. Expected result would be better, more aggressive managers. A DEH library for CA should be established for use by Government and Contractors on a loan basis.*

## 26. Approval of Negotiations and Awards:

a. A memorandum of negotiations must be prepared for all negotiated procurements. This memorandum should include, as a minimum, the criteria for selection of the Contractor; the method of negotiation (i.e., price competition, technical competition, or one- source) and the justification thereof; detailed justification for the selection of the firm to whom award is recommended whether it be low price, technical competence, sole source or similar factors; justification for the recommended price; and justification for any negotiations concerning time, plus where applicable, any difference between the Contractor's proposal and the Government estimate and the method of resolution thereof.

(1) The memorandum of negotiations must resolve any discrepancies indicated in any audit report and establish the amount of reliance placed upon the factual data submitted by the Contractor. The memorandum must clearly

identify those items upon which the Government relied.

(2) The memorandum need not be voluminous with extraneous details such as when meetings opened or closed, breaks for lunch, adjournment until the following day, etc. The purpose of the memorandum is to establish the basis of negotiation and set forth facts which

support the legality, fairness, and reasonableness of the proposed contract or change order.

(3) All memorandums of negotiations for actions of \$100,000 or more should be reviewed by GC prior to execution of the contract or change order. HCA or higher level approval may also be required based on dollar value of the contract.

b. Contractor responsibility clauses are applicable to negotiated procurements. The Contracting Officer must assure that contracts or change orders are negotiated and awarded only to responsible firms and that the file is properly documented. Also prior to award, the Contracting Officer must obtain the certifications and representations required for the particular kind of contract.

c. No negotiated contract or change order will be awarded nor will a Contractor be authorized to proceed with work, pending award, until all the reviews, approvals, and clearances have been obtained. In addition, no contract or change order will be awarded unless the Contracting Officer has adequate funds to fully cover the work to be performed. This does not require the Contracting Officer to hold adequate funds to cover options or other future contingencies which are not a mandatory requirement of the contract or change order as issued.

d. In any negotiated procurement that is set aside for small business, prior to award, the Contracting Officer will inform each unsuccessful offeror, by written notice, the name and address of the apparent successful offeror. The unsuccessful offerors will be advised that no subsequent negotiations are contemplated and that his protest (if any) is being (or has been) forwarded to SBA and will be considered on any future procurement.

e. Release of Information:

(1) Subsequent to issuance of an RFP but prior to the receipt of offers, the Contracting Officer may advise interested parties as to the nature of the procurement, the method of negotiation being employed, and the justification for negotiation rather than sealed bidding. Normally, information concerning the number of firms solicited or the names and addresses of firms requested to submit proposals will not be revealed. However, the Contracting Officer may, if felt that such information will facilitate the conduct of negotiations, advise potential subcontractors of the name and address of the prime Contractors requested to submit proposals.

(2) No information will be released to any offeror or any interested party in the period subsequent to receipt of proposals but prior to award. During this time frame, care must be taken to assure that the content of all proposals received is adequately safeguarded.

(3) Subsequent to award of a negotiated contract, the Contracting Officer will give written notice to the unsuccessful offerors that their proposals were not accepted. Such notice will include the number of firms solicited, the number of proposals received, the name and address of the firm receiving award, the amount of the award, and in general terms the reason why the offeror's proposal was not accepted except where the price information readily reveals the reason. In no instance will any offeror be given access or information submitted by another offeror with the exception of revealing the price upon which award was made except when applicable under Freedom of Information Act procedures and policies. (Ref. FAR Subpart 15.10 and DFARS 215.10)

**PART III**

**SAMPLE SOLICITATION PACKAGE FOR  
COMMERCIAL ACTIVITY REVIEW SERVICES**

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**PART III**

**SAMPLE SOLICITATION PACKAGE**

**FOR COMMERCIAL ACTIVITY REVIEW SERVICES**

1. General

a. This part describes various options which may be used IAW the Federal Acquisition Regulation (FAR) and the DOD and Army FAR supplements to help document needs in-house or to procure services as described in FAR Part 37, DFARS Part 237, and AFARS Part 37, by contracting out the writing of Performance Work Statements (PWS) or other cost comparison study services necessary for Commercial Activity (CA) functions.

b. Installations must consider in-house effort IAW HQDA Policy reflected in FAR Subpart 37.2, DFARS Subpart 237.2, and AFARS Subpart 37.2, "Advisory and Assistance Services" and AR 5-14, Managing Analytical Support Services" prior to using this part to procure review services to meet Army requirements.

c. Normally, an installation will find itself in a position in which it must contract out the study work, or must assign personnel who do not have the necessary background and experience to do the work. Most studies for RPMA CA activities have not resulted in a fully adequate and acceptable product, possibly because of deficient documentation of what the installation expects in the end product. Extreme care must be taken to insure that full, clear, simple and concise terms are used to describe the expected end products of the study. Special emphasis must be placed upon the study team composition, whether the Government or a Contractor conducts the study. Technicians, engineers, analysts, specialists, draftsman, etc., at the lower grade levels do not normally have the necessary expertise and should usually be used only to gather information and be supervised by personnel with the necessary background and experience. Every attempt must be made to obtain the most knowledgeable personnel available to write the acquisition package and supporting documentation. While this guide will aid in reducing these problems, the installation is responsible for the final results, or outcome, whether accomplished in-house or contracted out. A team effort, to include any available acquisition office personnel, should be used to develop the final PWS.

2. Uniform Contract Format (UCF):

a. This part is formatted IAW the Uniform Contract Format (UCF) prescribed by the FAR to help DEH PWS writers and Contracting Officers assemble a complete acquisition package for Commercial Activity Review Services. It consists of the following sections:

- SECTION A - Solicitation/Contract Form
- SECTION B - Supplies or Services and Price
- SECTION C - Description/Specifications
- SECTION D - Packaging and Marking
- SECTION E - Inspection and Acceptance
- SECTION F - Deliveries or Performance
- SECTION G - Contract Administration Data\*
- SECTION H - Special Contract Requirements
- SECTION I - Contract Clauses \*
- SECTION J - List of Attachments
- SECTION K - Representations, Certifications and Other Statements of Offerors or Quoters\*
- SECTION L - Instructions, Conditions and Notices, to Bidders\*
- SECTION M - Evaluation Factors for Award\*

b. The contract sections indicated by an asterisk (\*) above require information not contained in a PWS as described in Part II of the supplement to OMB Circular A-76. The Director, Engineering and Housing (DEH) (or writer) should provide supplementary information for these UCF Sections at the same time as providing the PWS for solicitation purposes to the contracting officer. Where reference is made only to the FAR, the writer (or other user) should review the DOD, Army or MACOM FAR supplements to determine additional internal information, if any, pertaining to the subject matter.

## SECTION A - SOLICITATION/CONTRACT FORM (SF33):

*NOTE TO WRITER: The PWS writer is not required to prepare this section of the solicitation. It is the Contracting Officer's responsibility.*

## SECTION B - SUPPLIES OR SERVICES AND PRICE:

*NOTE TO WRITER: Only a lump sum price is normally required for service contracts. However, when deemed necessary for contract administration purposes, subline pricing may be obtained.*

*Where needed, the writer should provide the Contracting Officer with a recommended schedule. An example of a bid schedule is provided below. Each option should be carefully considered and separate prices obtained for those options to be exercised as a result of decisions made during the course of the contract.*

## SECTION C - DESCRIPTION/SPECIFICATIONS:

C.1. Scope of Work: The Contractor shall furnish all supervision, services, materials, supplies, plant, labor, equipment, investigations, studies, documentation, and travel required in connection with the commercial activities (CA) review identified in C.4.2 below IAW all contract terms, conditions, special contract requirements, contract clauses, referenced documents, exhibits, and other attachments. Preparation of acquisition package documents shall be IAW Part II of the Supplement to OMB Circular A-76, AR 5-20, the Federal Acquisition Regulation (FAR) uniform contract format as described in FAR Subpart 14.2 or 15.4, DFARS 214.2 and 215.4, and AFARS 14.2 and 15.4, as appropriate, and as further specified herein.

C.1.1. Background:

C.1.2. Location (or Locations):

C.1.3. Climatic Conditions:

C.1.4. Director, Engineering and Housing (DEH): Insert any desired information or data concerning the DEH.

C.1.5. Office of Management and Budget (OMB) Circular, A-76: OMB Circular A-76 mandates that goods and services needed by the executive departments in support of their mission be obtained from the private sector except when not economically feasible or when services are an inherently governmental function which must be performed in-house. When applicable, a cost study is the method used to determine in which manner a service is to be performed. The cost study is based upon the same scope of work and the same level of performance whether performed by contracting out or by in-house forces. The Contractor shall

comply with OMB Circular A-76 and its supplement, as applicable.

C.1.6. Installation History and Mission Statement:

*NOTE TO WRITER: Contractors tend to provide better services if adequate history and background are provided. It is suggested, however, that the information be limited to not more than two (2) pages.*

C.2. Definitions:

*NOTE TO WRITER: Insert any definitions needed to clarify or explain technical terms used in the PWS, special contract requirements, and attachments, that become a part of any contract awarded.*

C.3. Government Furnished Property or Items: The Government will provide, or make available for Contractor use, the following facilities, utilities, equipment, technical data, drawings, and information for use in performing the required CA studies required under the contract (specify). Upon completion or termination of the contract all property shall be returned to the Government in the condition in which received or the Contractor shall repair or replace it to the same condition in which received..

C.3.1. Facilities and Utilities: The Government will furnish, without cost to the Contractor, designated parking spaces as shown (specify), and a reasonable amount of utilities, from existing sources. Class B on-base telephone service will also be provided. The facilities and utilities shall be used only in connection with performance under the contract.

*NOTE TO WRITER: Do not use paragraph if none are to be furnished. Insert any necessary controls or maintenance requirements. Do not use "facilities" in a broad sense e.g., "Government will furnish all facilities." This could be interpreted to mean all facilities, parts, supplies, etc., needed to perform all services would be provided by the Government.*

C.3.2. Equipment and supplies: The Government will furnish equipment and supplies as shown (specify).

NOTE TO WRITER: - Delete and renumber if none are to be furnished. Insert information to include noun, National Stock No. (NSN), quantities, condition, etc., if any are furnished.

C.3.3. Technical Data, Drawings, or Information: Technical data, drawings, other information and publications pertaining to the contract, as listed in paragraph C.5 will be made available to the Contractor. Costs of obtaining personal copies for the Contractor shall be borne by the Contractor.

C.4. Specific Tasks/Standards:

C.4.1. General:

C.4.1.1 The Contractor shall conduct a complete and accurate Management and Operational Study and document requirements for services of the Real Property Maintenance Activities (RPMA) functions listed in C.4.2 below.

C.4.1.2 The work required by the contract shall necessitate work at the site and may require work at other Army activities. The Contractor shall obtain any and all necessary licenses and permits from appropriate state or installation security personnel to enter and perform the required fieldwork. The Contractor shall comply with all applicable Federal, State, and local laws, codes, and regulations in connection with the work.

C.4.1.3 Information furnished to the Contractor or developed as part of the contract requirements shall not be divulged to others (except to any approved subcontractor and consultants as may be necessary for their participation in the project) without the specific written consent of the Contracting Officer. Any and all publicity regarding work under the contract must be approved only by the Contracting Officer before release (if applicable, enter that a portion of the work shall be "FOR OFFICIAL USE ONLY" and the work may require access to other such documents).

C.4.1.4 During the course of the contract, the Contractor shall follow such instructions as may be issued to him by the Contracting Officer. The Contractor may consult directly with various designated representatives at the activity, or similar activity as may be necessary, to develop the detailed scope of the project as required; however, the Contractor shall be responsible directly to

the Contracting Officer for insuring that all work requirements are accomplished and that project limitations incorporated herein are not exceeded.

C.4.2. Functions to be Reviewed:

NOTE TO WRITER: List in this paragraph the specific function or functions to be studied and documented under the contract, whether a single function, combination of several functions, or total base operations. Specific RPMA functions to be studied may vary from installation to installation. The Contractor may be required to study and document any or all of the RPMA functions. The RPMA functions which are to be reviewed will depend upon the particular nature of the installation and whether a particular function is exempt from a CA review IAW criteria set forth in OMB Circular A-76. AR 5-20 lists various Army functions representative of CA functional areas. AR 37-100-XX lists miscellaneous other functions. All products and services that are commercially available are subject to the provisions of AR 5-20.

C.4.3. Period of Service: The Contractor shall complete the work in time to meet the following submittal dates:

C.4.3.1 Submit draft (Option I) documents - (insert number of calendar days after notice to proceed)

C.4.3.2 Submit final (Option I) documents - (insert number of calendar days after notice to proceed)

C.4.3.3 Submit (Option II) documents - (insert number of calendar days after notice to proceed)

C.4.3.4 (Insert any other necessary submittals)

C.4.3.5 There will be a review at (specify) approximately (specify) days after award. The specific date and time will be coordinated between the Contractor and Contracting Officer.

C.4.4. Program Schedule: The (Contractor)(Bidder)(Offeror) shall submit for approval a CA study progress schedule in the format shown by (insert appropriate information). This schedule is to be submitted to the Contracting Officer (not later than (specify) days after contract award)(along with his (bid)(offer)(etc.)). The schedule shall not extend beyond (specify).

*NOTE TO WRITER: The schedule may be required at time of receipt of bids or offers where time is a major factor or the schedule is needed as an evaluation factor in determining the successful Contractor. The installation may also develop the milestones and require the successful Contractor to meet them.*

C.4.5. Technical Requirements: The study shall be conducted IAW guidelines and procedures described in OMB Circular A-76 (revised) and its supplement. In addition, other publications referenced in the contract will have great impact upon contract requirements. The Contractor shall be responsible for and obligated to follow and adhere to those documents coded mandatory. Failure to obtain referenced documents, when not provided, shall not be cause, or reason, for the Contractor to reduce any service or performance, or to fail to comply with all contract terms or conditions, nor will it be cause to adjust any costs for services. All Federal laws, codes, directives, instructions, etc., in force at time of solicitation, unless coded otherwise, shall be considered mandatory as applicable to the service or function to be performed. All other publications are applicable as coded. The Contractor is expected and obligated to research and review all applicable documents pertinent to the work and document the files accordingly.

*NOTE TO WRITER: Following are options which should be used only as needed. Each option may have options within an option. The installation must determine the extent of the study or performance required. The users must provide the Contracting Officer justification as to why contracting out is required to conduct the study. This justification must be included in the contract file and be approved, in writing, by the Contracting Officer and must indicate what considerations were made IAW the DA policy and FAR Subpart 37.2, as applicable.*

C.4.6 (Optional) Management Analysis of Government RPMA Activities: (Ref. Part II of the supplement to OMB Circular A-76)

C.4.6.1 General: The statutory basis for the CA management study is Section 502, FY81 DOD Authorization Act and requires a certification that the Government calculation for the cost of performance of such function by DOD personnel is based on an estimate of the most efficient and cost effective organization for performance of such functions by DOD personnel. Improvements to RPMA activities operations may be procedural, organizational,

equipment, or facility oriented. The Contractor's documentation shall contain comprehensive rationale covering each recommendation developed to enhance and reduce operational costs of RPMA activities to include all alternatives available.

C.4.6.2 Management Analysis/Study:

C.4.6.2.1 The Contractor shall conduct a management study for activities/functional areas listed in C.4.2. above to determine whether the in-house work force is operating in the most efficient and cost-effective manner possible. The Contractor shall review all documents pertinent to RPMA to include Tables of Distribution and Allowances (TDA's), Federal, State, and local regulations, position classification charts, pamphlets, directives, internal operating procedures, job descriptions, and workload data to identify the process and flow of work to determine more efficient and effective methods. The study shall include an analysis of the organizational structure, manning, latest state-of-the-art data, efficiency of internal operating procedures, efficiency of work methods, and recommended changes, recommended exemptions, or waivers, to existing regulations, and recommended facility, equipment and tool changes.

C.4.6.2.2 The most critical aspect of the management study will be a determination of minimum essential in-house manpower staffing of the activities/functions under review. The mixture of full-time and part-time personnel shall be carefully analyzed to give full consideration to the increased possibilities for utilizing permanent or temporary part-time employees. Manpower resources currently being provided on a borrowed labor, over-hire, or temporary basis, shall be analyzed in conjunction with the review. The study will address impact upon other activities that may be affected who receive or provide support from or to the RPMA and which may occur as a result of implementing study recommendations. Following are several techniques which may be utilized in making a determination of the most cost effective manpower staffing.

- (1) Methods improvement
- (2) Work measurement and work sampling
- (3) Time and Motion studies or predetermined time method reviews (EPS review)
- (4) Manpower surveys/analyses
- (5) Support ratios
- (6) Regression analysis

- (7) Staffing guide yardsticks
- (8) Resource management plans
- (9) Identify nonproductive tasks
- (10) Flextime or 4/40 compressed workweek
- (11) Simpler inventory control and reorder methods
- (12) Establish quick return-on-investment programs (QRIP)

C.4.6.2.3 The management study shall address the cost effectiveness of continuing current contractual support of the area under review except where small business or Section 8(a) set-aside contracts are currently in effect. In these areas, no consideration will be given to the possibility of in-house performance. The cost of these contracts will be included in the in-house bid. The study shall also cover augmentation contracts, i.e., situations where in-house staffing has been inadequate and additional efforts could only be accomplished by contract.

C.4.6.2.4 (Optional) The management study shall address not only recommended management and operational improvements on which to base the in-house bid, but shall address the DEH contract administration staff (COR staff, e.g., QAE/inspectors) and an optimum structure for the COR organization if work is contracted out. To assure an effective approach, the Contractor must consider the following:

(1) CA contract administration factors as described in Chapter 3, D, of Part IV of the supplement to OMB Circular A-76 and DA PAM 715-15. Contract administrative structure must be minimized. Any effort to insert administrative factors exceeding minimum recommended levels without prior DA approval as additions to the contract will be subject to challenge and probable rejection.

(2) The residual structure of the installation is the only practical source of manpower and dollar resources to support any increase in noncontractible areas of growth in administrative requirements.

C.4.6.3. Format of Management Study: The Contractor shall structure the management study to provide the following: (See figures 2-1, 2-2, and 2-3, in AR 420-10.)

C.4.6.3.1 Complete and separate coverage of each function which is separately addressed in C.4.2 to include

associated management areas.

C.4.6.3.2 Complete documentation of all considerations made concerning recommendations for organizational realignment of areas under review or impacted by the review.

C.4.6.3.3 (Optional) Separate coverage of contract administration requirements and the recommended realignment of residual activities following a conversion to contract.

C.4.6.3.4 Delineation of existing and proposed TDAs for each function and for the overall structure under review, to include space transfers into and out of the area under review, and recommended increases or decreases resulting from the review.

C.4.6.3.5 Detailed summary of manpower, requirements, workload, and other data.

C.4.6.3.6 Incorporate or include extracts from other applicable surveys, inspections, audits, reviews, or studies which would enhance the study recommendations to include current state-of-the-art data.

#### C.4.7. (Optional) Performance Work Statement(s):

C.4.7.1 Performance Work Statements (PWS) shall be prepared by the Contractor for each functional area described in paragraph C.4.2. The Contractor shall consider specific tasks under each functional area and shall group like functions which are closely inter-related. The PWS shall consider any quality assurance (QA) surveillance plans if developed herewith. The Contractor shall review all pertinent regulations, pamphlets, directives, and standard operating procedures (SOPs) relative to the function to accurately and completely identify the process and flow of work. The Contractor shall not be bound by directives which do not result in performance-oriented PWSs. The performance requirements and quality level shall accurately describe the desired level of performance and shall be explicit enough to measure contract performance. The Contractor shall, based upon information provided by the Government, organize the PWSs to

include a common feature Government-Owned Contractor-Operated (GOCO) PWS's and (2) features specific to GOCO. Part II of the supplement to OMB Circular A-76 and FAR Uniform Contract Format requirements shall be used as guidelines for writing the PWS. (COCO features do not apply to RPMA functions.)

C.4.7.2 Contractor-prepared statements of work shall use guidance from the latest existing USAEHSC guides developed for Army use. They shall be adapted to the specific requirements of the installation.

*NOTE TO WRITER: The installation should make copies of USAEHSC guides and provide them to potential Contractors for review.*

C.4.7.3 Individual functions shall be detailed as necessary under the umbrella of the functional group PWS. The Contractor shall review existing guides for individual functions or total packages and develop the most logical groupings. The Contractor shall provide a comprehensive package defining requirements for the entire function (or functions) as covered by paragraph C.4.2. The Contractor shall prepare the total package as a well organized document which clearly defines the function(s) for which the in-house forces or the Contractor (if decision is to contract out) will be responsible, together with the associated performance standards. Care shall be taken to insure overlap of work or any ambiguity is precluded. Maximum cross-reference, where applicable, shall be used rather than repeating information.

C.4.7.4 PWS(s) for CA RPMA functions shall be performance-oriented. The PWS shall be a concise, clearly written statement which will provide satisfactory response and acceptable standards of performance and must enable Government administrative personnel to protect the Government's interest. The PWS shall not prescribe the method to be used in performance of the work, except where essential to acceptable performance. The format shall be:

(1) Scope of Work: A brief, clear, concise statement of the work to be performed. This part may describe the larger mission, organization or functional relationship in the work environment (background).

(2) Definitions: This part shall include a list of all special terms and phrases used in the PWS to establish clearly what is meant. Definitions contained in the FAR, DFARS, AFARS, standard contract forms, and contract clauses or provisions (FAR Part 52, DFARS Part 252, and AFARS Part 52) shall not be duplicated, but may be referenced and supplemented where necessary. Definitions included in this part shall be limited to the

technical requirements of the contract.

(3) Facilities: This part shall include a complete description of the facilities to be used and maintained to include location, size, number of buildings, and type of structure. Describe any facilities that will be constructed by the Government, if any, during the performance period. Give the date by which the facility will be completed and must be maintained. Identify by location, size, number and type, buildings which may be constructed by a successful Contractor on the Government site, if any, and disposition of such facilities at contract completion.

(4) Government Property: List all property (equipment, supplies, records, drawings, and publications) that will be provided to a successful Contractor for use in performance of the contract. Description shall include nomenclature, National Stock Number (NSN), quantity, and condition of such property. This section shall also include the arrangements contemplated for accountability, control, and maintenance of the property, and when it will be transferred to and from a Contractor. Also, list the obligations of a Contractor at the end of contract performance period concerning any work required by the Contractor to return the property, such as packing and crating, shipment, or storage. The PWS shall clearly identify procedure(s) for transferring Government property and whether the property is to be furnished in an "as is" condition.

(5) Contractor Property: Describe all property which a successful Contractor will be obligated to furnish. When a minimum level is required, specify quantities. A general statement that the Contractor shall provide all supervision, material or equipment necessary to do the service, except that listed as Government-furnished property, shall be included (except when included in scope of work statements).

(6) Specific Tasks: This part shall establish the work requirements to be done. For RPMA CA functions, this part shall be performance-oriented. Avoid telling a Contractor the method(s) to be used in performance of the work. However, as a minimum, the following categories shall be considered and described where necessary:

(a) Manning levels or types in each functional area where a successful Contractor must provide a specified number or type of personnel for satisfactory performance, as for example, in security and fire protection manning. This technique should be avoided in other areas if at all possible. However, include any minimum plant or other equipment operating requirements.

(b) Initial or one-time tasks required in

connection with the service. Identify what must be accomplished by individual task and when it must be done in relation to other tasks.

(c) Repetitive tasks expected and the frequency of performing the tasks. (Repetitive tasks may be performed during the same time periods on consecutive days, but should be at Contractor's discretion unless tight control is needed for contract surveillance purposes.)

(d) Records and reports which must be maintained, listing by title and form number; e.g., DD Form 1423, "Contract Data Requirements List (CDRL)," or DD Form 1664, Data Item Description. Define reports which must be prepared, give example of format, and indicate number of copies, to whom the report(s) (is)(are) to be submitted and when forms are to be completed.

(7) Applicable Documents: List all documents and reference material that a successful Contractor will require in order to do the tasks, such as applicable technical orders, specifications, regulations and manuals. List any documents which will be incorporated into the contract which must be followed in performing the service and which portions are applicable and if mandatory or advisory. However, avoid wholesale inclusion; i.e., include only those necessary and state specific passages applicable to the specific work requirement. Also provide recommendation as applicable, for the deletion, change, etc., of pertinent documents. Detailed rationale shall be provided with all recommendations.

C.4.8. Quality Assurance (QA) and Quality Control (QC) Requirements: The PWS shall include details of how each task will be evaluated and accepted by the Government. Include any responsibility for specific testing. Indicate exactly how any hardware or documentation (if applicable) is to be packaged and delivered. Include criteria for measuring effectiveness of the work effort. Determine methods to be used to evaluate level of accomplishment of the job once the work has started and who, in the Government, will accept the completed work as satisfactory. List any key personnel requirements. Address Contractor Quality Control (CQC) in detail in event of decision to contract out, to include "Performance Requirements Summary Table(s)" (Ref. Part II of the Supplement to OMB Cir. A-76, FAR Part 46 and Subpart 46.2, DFARS 246 and 246.2, and AFARS Part 46)

*NOTE TO WRITER: Due to loss of personnel when contracting out, CQC and Government QA requirements adequate to insure quality end results become more important. Insure that adequate plans are developed, and if decision results in contracting out, that Contractors are required to provide adequate QC services.*

C.4.9. Special Contract Requirements (SECTION H): Include recommendations for any special contract requirements needed for a complete, accurate acquisition package and which cannot appropriately be included in the technical portion. Include any supplemental information required by the Contracting Officer for developing solicitation and contract documents. Care must be taken not to repeat information more than once in order to preclude possible ambiguities in a contract. Also, never repeat or duplicate information contained in FAR, DFARS, or AFARS contract clauses or solicitation provisions (FAR Part 52), which would tend to be in conflict with FAR or the DOD and Army supplements to FAR, or other applicable supplements of these regulations. However, reference and supplement these clauses and provisions when necessary. (Caution: Contract SECTIONS A, B, F, G, H, I, K, L and M are decision making areas and are generally inherent Government responsibility).

C.4.10. Arrangement: The statement(s) of work shall be organized IAW the "Table of Contents" shown at attachment (specify). Applicable chapters and sections shall be titled/numbered accordingly. Chapters and sections which are not applicable shall be "reserved" or omitted as appropriate.

*NOTE TO WRITER: In order to reduce the procurement office workload (time and effort) to prepare and issue solicitations and contractual documents, it is recommended the Contractor be required to prepare the technical and other provisions IAW FAR UCF. Results will be a reduction in time necessary to review, and if applicable, procure the services.*

C.4.10.1 (Optional): Quality Assurance Surveillance Plan (QASP): The Contractor shall develop a QASP giving consideration to the cost breakout, the PWS's, and contract administrative burden. The Contractor shall consider but shall not be bound by techniques described in Part II of the supplement to OMB Circular A-76, "Writing and Administering Performance Work Statements." Contractor shall devise an efficient and effective QASP for each specific functional area described. (Guidance for development of QASP are provided in Part VI. Complete plans must be developed and attached to the installation PWS.)

C.4.10.2 (Optional): Cost Breakout: The Contractor shall prepare a recommended breakout of costs for supplies and services for contract administration purposes. The breakout shall contemplate a one-year contract with four (4) one-year options. All option years will be priced and evaluated during the Government source selection process. The breakout proposed by the Contractor shall delineate in addition to option years GOCO options of contract performance. The breakout shall be organized to consider the contract administration burden (Ref. AR 5-20), and

also the QASP.

NOTE TO WRITER: *Evaluation factors developed and recommended by the installation PWS team may involve governmental discretion, particularly in the absence of any guidelines as to what factors are appropriate. The Contractor's QC organization will be an important factor in these considerations.*

C.4.10.3 (Optional): Government In-House Cost Estimate:

The Contractor shall prepare the CA in-house cost estimate(s) IAW Part IV of the supplement to OMB Circular A-76, "Cost Comparison Handbook." and AR 5-20. The work performed on the cost estimate shall be fully documented and all backup material not included in other submissions shall be incorporated into this submission. All work performed on the cost study shall be marked "FOR OFFICIAL USE ONLY" and treated accordingly.

If work under this study concerns a new start, the Contractor shall use historical documentation and evidence of probability costs from installations with similar operating characteristics where appropriate. The Government will make such data available and will establish points of contact for technical input and identify existing installations where evidence will be used to calculate these appropriate expenses. The format for the in-house estimate shall be IAW Part IV of the supplement to OMB Circular A-76.

C.4.11 Audit: After the Government in-house estimate is developed, an independent Army Audit Agency (AAA) review will be performed to ensure costs are prepared IAW Part IV of the supplement to OMB Circular A-76, DOD 4100.33H and AR 5-20. and ER 5-1-3, if appropriate. The Contractor shall resolve any discrepancies noted by AAA during review. After the review is completed and the cost estimate is approved and signed, the cost estimate and supporting documents shall be sealed in an envelope, identified, and provided to the Contracting Officer by the time specified for the receipt of bids/offers.

C.4.12 Privileged Information: The information developed during CA in-house cost estimation is confidential information. This information shall be closely guarded and shall not be divulged to others except with written consent of the Contracting Officer. The Contracting Officer only will approve the number and names of personnel that may have access to specific aspects of cost estimates on a "need to know" basis. Any such information divulged by the Contractor shall result in default and possible criminal charges against the Contractor.

C.4.13 Indefinite Delivery:

C.4.13.1 (Optional): Backup Support: During the RPMA CA cost comparison validation phase, the Contractor shall provide backup support, answer questions, and update information as

required by the Contracting Officer.

C.4.13.2 (Optional): Environmental Impact Analyses:

NOTE TO WRITER: *Public Law 91-190, the "National Environmental Policy Act of 1969 (NEPA)," requires the preparation of a detailed environmental impact statement (EIS) for "every recommendation or report on proposals for legislation and other Federal actions significantly affecting the quality of human environment." A CA review is an action which may significantly affect the surrounding human environment, thereby requiring an assessment of the environmental impact. An economic impact analyses of a CA "conversion" on the local community is necessary only when more than 75 employees of all categories (military, civilian, permanent, temporary, etc.) are affected. The assessment is performed after bids are opened and contract costs are known and a decision to contract out is made. Insert any requirements for the Contractor to provide the analyses. (Ref. AR 200-1, 200-2, and AR 5-20) Use the following as appropriate:*

C.4.13.3 (Optional): Economic Impact Forecast: The Contractor shall prepare an economic impact forecast of the CA review IAW DA Pamphlet 200-2. The work performed developing the economic impact on the surrounding human environment shall be fully documented in the report. This report shall identify the economic relationships between the Army facility or function under CA review and the local community, address the areas affected by changes in the activities level and provide a procedure for estimating the magnitude of these effects. All work performed on the forecast shall be marked "FOR OFFICIAL USE ONLY" and treated accordingly.

NOTE TO WRITER: *The analyst uses the economic impact forecast system to predict the economic effects on the local community of the net change in local employment and Government expenditures caused by conversion to contract.*

C.4.13.4 The data developed in assessing the economic impact shall be organized IAW figure 2.1, DA Pamphlet 200-2, for batch input requirements into Construction Engineering Research Laboratory's (CERL) computer based Economic Impact Forecast System (EIFS). The report shall be arranged as follows:

- I - Title Page
- II - Concept of Study
- III - EIFS Batch Inputs
- IV - EIFS Output
- V - Analysis of EIFS Output



## VI - Supporting Documents

C.4.13.5 The computer based EIFS will be made available by the Government to the Contractor.

C.4.13.6 (Optional): Environmental Impact Statement (EIS): Subsequent to the economic impact forecast, the Contractor may be directed by the Contracting Officer to prepare an environmental assessment IAW Army Regulation 200-1. The work performed in developing the environmental assessment shall be fully documented and submitted IAW guidelines issued by the Council on Environmental Quality (CEQ) on the format for an analysis. The Contractor shall include a summary sheet following (CEQ) format. All work performed on the EIS shall be marked "FOR OFFICIAL USE ONLY" and treated accordingly.

C.4.14 (Optional): Residual In-House Force Organization: The Contractor shall prepare a separate document on the residual in-house force. The residual force is those individuals, functions, branches or divisions which would remain in-house under a total DEH contract. This force will administer those functions considered governmental in nature including planning, programming, budgeting, contract inspection, etc. These governmental functions will be based on the latest Corps of Engineer guidance, and MACOM directives. The Contractor prepared document shall include an organization chart of all remaining DEH in-house activities. Each branch element shall be broken out separately and the functions and duties shall be explained in narrative form. The flow of work, from receipt of the work request, through the tasking of the maintenance Contractor, to the submittal by the maintenance Contractor of any required project work data, shall be explained. The flow of data to support any management information systems, such as IFS, shall be explained. This document, when complete, must be adequate enough for the Government to use to implement it's residual force in the event of a decision to contract out. (Ref. AR 420-10 figures 2.1, 2.2, and 2.3)

C.5 Government-Furnished Documents or Data: The Government will furnish or make available the following documents or data for use in performing the required CA Study(ies) under the contract:

C.5.1 OMB Circular A-76 (as revised), "Performance of Commercial Activities."

C.5.2 A complete inventory of all Government property to be turned over for use by the successful Contractor if a decision is made to contract for services.

C.5.3 A complete inventory of all Government property to be maintained as part of any resulting contract.

*NOTE TO WRITER: Include a list of Federal, State, local, etc., regulations, including supplements, codes or directives, base regulations, PWSSs, TDA organizational plans, personnel contacts, etc., required to perform the work. Following is a partial list of references not mentioned elsewhere herein which should be considered. Code as to whether advisory, mandatory, or referenced to specific paragraphs. Insert dates of latest issues and changes, etc.*

(1) *The functional requirement establishing the commercial activities for the installation, to include title, installation name, and date.*

(2) *Engineering references: The Contractor shall comply with AR 11-27 and the Army Energy Plan. See DA Pamphlet 310 Series for additional (e.g., AR 1-8), superseded, new, or revised listings. Also check all available sources to determine any superseded, new, or revised listings not included in the current 310 series as this publication is*

normally several months in arrears of changes to publications. Check all titles and numbers and correct as appropriate. The publications should be coded as follows:

- a. Government Furnished = GF
- b. Contractor Furnished = CF
- c. Paragraph Specific = PS

Army Regulations:

No.	Title
AR 11-27	Army Energy Program
AR 200-1	Environmental Protection and Enhancement
AR 210-50	Housing Management
AR 405-45	Inventory of Army Military Real Property
AR 420-10	Management of Installation Directorates of Engineering and Housing Personnel
AR 420-15	Certification of Utilities Plant Operators and Personnel Performing Inspection and Testing of Vertical Lift Devices
AR 420-16	Facilities Engineering Reports
AR 420-17	Facilities Engineering Material/Equipment Management and Relocatable Buildings
AR 420-22	Preventive Maintenance and Self-Help Programs
AR 420-40	Historic Preservation
AR 420-41	Utility Contracts
AR 420-43	Fac Eng Electric Services
AR 420-46	Water and Sewage
AR 420-47	Solid and Hazardous Waste Management
AR 420-49	Heating, Energy Selection and Fuel Storage, Distribution and Dispensing Systems
AR 420-54	Air Conditioning, Evaporative Cooling, Dehumidification, and Mechanical Ventilation
AR 420-55	Food Service and Related Equipment
AR 420-70	Buildings and Structures
AR 420-71	Leased Premises
AR 420-81	Custodial Services
AR 420-83	Maintenance and Services (M&S) Equipment and Facilities Engineering Shops
AR 420-90	Fire Protection
AR 670-10	Furnishing Uniforms or Paying Uniform Allowances to Civilian Employees

Technical Bulletins:

TB ENG 53 Welding and Metal Cutting at NIKE Sites  
 TB ENG 54 Utilities Contracts  
 TB ENG 62 Inspecting and Testing Chain Hoists in Warheading Bldgs  
 TB ENG 249 Coal Sampling  
 TB ENG 250 Wood Preservation  
 TB ENG 254 Coal Samplers-Certification & Evaluation  
 TB ENG 255 Paint Marking of Obstructions to Air Navigation  
 TB ENG 256 Controlled Humidity Storage  
 TB ENG 257 Packing and Crating Contract Performance  
 TB ENG 259 Utilities Utilization Targets and Evaluation  
 TB ENG 400 Custodial Services Contract Guidance  
 TB ENG 402 Self Help Program  
 TB ENG 403 Lamson Pneumatic Tube System Tester  
 TB ENG 404 Repair to Fuel Oil Tanks  
 TB ENG 405 Standards for Reactivation of Inactive Facilities for Mobilization  
 TB MED 163 Sanitary Control of Army Swimming Pools and Swimming Areas  
 TB 385-2 Nuclear Weapons Firefighting Procedures

DA Pamphlets:

DA Pam 200-1 Handbook for Environmental Impact Analysis  
 DA Pam 420-2 Management of Fire Prevention and Protection Program  
 DA Pam 420-3 Facilities Engineering  
 DA Pam 420-6 Facilities Engineering Resources Management System  
 DA Pam 738-750 The Army Maintenance Management System (TAMMS)

Army Technical Manuals:

TM 5-315 Firefighting and Rescue Procedures in Theaters of Operations  
 TM 5-609 Custodial Services Manual  
 TM 5-610 Preventive Maintenance Facilities Engineering Buildings and Structures  
 TM 5-611 Repairs and Utilities Post Engineer Shops  
 TM 5-615 Concrete and Masonry  
 TM 5-617 Maintenance and Repair of Roofs  
 TM 5-618 Paints and Protective Coatings  
 TM 5-620 Buildings and Structures; Caulking and Glazing, Repairs and Utilities  
 TM 5-621 Lathing and Plastering  
 TM 5-622 Maintenance of Waterfront Facilities  
 TM 5-623 Pavement Maintenance Management  
 TM 5-624 Maintenance and Repairs of Surface Areas

TM 5-625	Sheet Metal	TM 5-665	Operation and Maintenance of Domestic and Industrial Wastewater Systems
TM 5-627	Maintenance of Trackage	TM 5-666	Inspections and Preventive Maintenance Services, Sewage Treatment Plants and Sewer Systems at Fixed Installations
TM 5-629	Herbicide Manual for Noncropland Weed	TM 5-670	Repairs and Utilities Refrigeration, Air-Conditioning, Mechanical Ventilation and Evaporative Cooling
TM 5-630	Natural Resource Land Management and Ground Maintenance	TM 5-671	Preventive Maintenance of Refrigeration, Air-Conditioning, Mechanical Ventilation & Evaporative Cooling
TM 5-631	Forest Management	TM 5-675	Solid Fuels Operations
TM 5-632	Military Entomology Operational Handbook	TM 5-678	Repairs and Utilities Petroleum, Oil, and Lubricants (POL)
TM 5-633	Fish and Wildlife Management	TM 5-682	Facilities Engineering Electrical Facilities Safety
TM 5-634	Refuse Collection and Disposal	TM 5-683	Facilities Engineering Electrical Interior Facilities
TM 5-636	Kitchen Equipment; Repair and Utilities	TM 5-695	Maintenance of Fire Protection Systems
TM 5-637	Inspection and Preventive Maintenance Services for Kitchen Equipment	TM 5-801-1	Historic Preservation
TM 5-640	Ranges, Bake Ovens and Burners for Mess Equipment Repairs and Utilities	<p><u>NOTE TO WRITER:</u> USAEHSC's Guide for the Enclosure of 420 Series Army Regulations into DEH Performance Work Statements provides guidance to installations for referencing 420 series regulations in PWS's.</p> <p>(3) <u>Data:</u> The DEH maintains information and technical data related to personnel manning, real estate, facilities inventory and characteristics, workload data, fiscal data, supply, and equipment support requirements. A detailed listing of the information which may be obtained from the DEH, depending on the nature and circumstances of the study, is as follows:</p> <p>(a) <u>General:</u></p> <ul style="list-style-type: none"> <li>- Installation history and units assigned</li> <li>- Installation Mission and Population Data</li> </ul> <p>(b) <u>Organization Structures:</u></p> <ul style="list-style-type: none"> <li>- Installation organization chart</li> <li>- Facilities engineering</li> <li>- Family housing</li> </ul> <p>(c) <u>Facilities and Operating Data:</u></p> <ul style="list-style-type: none"> <li>- Installation facilities</li> </ul>	
TM 5-642	Warm Air Furnaces Repairs and Utilities		
TM 5-643	Repairs and Utilities-Preventive Maintenance for Heating Plants and Systems		
TM 5-644	Boiler Heating: Repairs and Utilities		
TM 5-646	Space Heaters: Repairs and Utilities		
TM 5-650	Repairs and Utilities: Central Boiler Plants		
TM 5-651	Central Boiler Plants, Inspection and Preventive Maintenance Services		
TM 5-652	Steam, Hot Water and Gas Distribution Systems, Repairs and Utilities		
TM 5-653	Steam, Hot Water and Gas Distribution Systems, Inspection and Preventive Maintenance Service		
TM 5-654	Maintenance and Operation of Gas Systems		
TM 5-660	Maintenance and Operation of Water Supply, Treatment and Distribution Systems		
TM 5-661	Inspection and Preventive Maintenance Service for Water Supply Systems at Fixed Installations		
TM 5-662	Swimming Pool Operation and Maintenance		

- Past and current cost data
- Facilities engineering cost distribution (FY \_\_\_\_)
- Fire protection, equipment and activities

- Vehicles assigned to facilities engineering
- Maintenance and services equipment list
- Rented equipment

- Mission data
- Workload data (month ending 30 June 19xx)

- (f) Installation Plot Plan
- (g) Master Plans

- Detailed utilities data
- Military construction program
- Minor construction projects
- Maintenance and repair projects
- Backlog of maintenance and repair
- List of recurring and nonrecurring reports

(d) Family Housing:

- Family housing layout
- Family housing quantity and types
- Family housing operation and maintenance

(e) Support Activities:

- Off-post responsibilities
- Layout of supply and transportation facilities
- Facilities engineering supply
- Description of transportation support

#### SECTION D - PACKAGING AND MARKING:

NOTE TO WRITER: The writer should include any packaging, packing, preservation and marking requirements in this section. If there are none, then omit. These requirements are applicable only if the contract requires the Contractor to deliver supplies to the Government. This section would apply if the Contractor provides an operation of self help and troop support supply functions. (Ref. FAR 10.004(e))  
(BMR) projects

#### SECTION E - INSPECTION AND ACCEPTANCE:

Acceptance of all contract work shall be on an accept/reject basis. Any work rejected as unacceptable shall be resubmitted within the time limitations established by the schedule. Failure to provide an acceptable product, which is in conformance with criteria specified herein, within the established time frame, shall be cause for termination of the contract IAW the clause of the Contract (SECTION I) entitled "DEFAULT."

#### SECTION F - CONTRACT DELIVERY OR PERFORMANCE:

F.1 The contract shall be in full force and effect from date of award through (insert date).

NOTE TO WRITER: Insert information concerning exercise of any options contained in the special contract requirements. Insure that adequate time exists to exercise options during the study time frame. Include date(s) required, percentage of completion for "draft," "final," and "approved final," etc.

F.2 Progress Schedule: The Contractor shall submit a CA Study Progress Schedule in the format shown in the example in para graph C.4.5. (Reword this paragraph if the Government provides the schedule.)

F.3 Records and Reports: (Insert any additional records or reports to be submitted.)

## **SECTION G - CONTRACT ADMINISTRATION DATA:**

*NOTE TO WRITER: Insert any special payment provisions not included in SECTION I or on DA Form 3953. If normal payment procedures are to be used, omit. The Contracting Officer will include necessary information.*

## **SECTION H - SPECIAL CONTRACT REQUIREMENTS:**

H.1 Safety & Health: While executing fieldwork under the contract, the Contractor shall observe all applicable provisions of the Corps of Engineers Manual 385-1-1, General Safety and Health Requirements. This manual may be purchased, at the Contractor's expense, from the Superintendent of Documents, Washington, D.C.

### H.2 Personnel:

H.2.1 Project Management: The Contractor shall act as, or provide, a project manager who shall be responsible for overall management coordination and be the central point of contact with the Government for performance of all work under the contract. The project manager, and any individual designated to act for him, shall have full authority to commit the Contractor for prompt action on matters pertaining to Contractor administration of the contract. The project manager must be capable of establishing and conducting adequate internal controls and review procedures which will eliminate conflicts, errors, omissions, and provide the technical accuracy and sufficiency of the work contemplated. The project manager, and any individual designated to act for him, shall be able to understand, speak, read, and write the English language.

H.2.2 Off-Duty Government Personnel: The Contractor shall not hire off-duty Contracting Officer Representatives (COR), Quality Assurance Evaluators (QAE) nor utilize under contract any other person whose employment under the contract would, or appear to, result in a conflict of interest or violation of the standards of conduct. In instances of doubt, the Contractor shall refer the matter to the Contracting Officer, whose decision shall be final. (Ref. AR 500-50)

H.2.3 Other Personnel: The Contractor shall provide sufficient personnel to accomplish all contract work or

service within the time frames established. This provision shall apply regardless of past historical records, estimates of personnel needed, or any minimum levels established herein. All personnel utilized for contract work shall be a (citizen) (legal resident) of the United States.

H.2.4 Composition of Contractors Study Team: Composition of the Contractor's study team is the Contractor's responsibility. The Contractor is CAUTIONED that trades which may be listed in this SECTION H as "Equivalent Government Hires" are for minimum wage rate purposes only and do not represent the total requisite experience levels the Government would use to conduct the study in-house. Such categories may include professional and supervisory personnel normally excluded from minimum wage rate schedules; however, due to the nature of work required, these personnel have been determined to be subject to minimum wage rates established by the Department of Labor. The Contractor's study team shall be composed of members who have the total requisite experience. For RPMA CA studies, requisite experience in the following Government trade areas is recommended to provide acceptable contract performance:

H.2.4.1 Management Analysis

H.2.4.2 Operations Research

H.2.4.3 Quality Assurance

H.2.4.4 Acquisition

H.2.4.5 Acquisition (contract) Law

H.2.4.6 Civil Engineering

H.2.4.7 Mechanical Engineering

H.2.4.8 Electrical Engineering

H.2.4.9 Industrial Engineering

H.2.4.10 Technical Writing

H.2.4.11 Estimating

H.2.4.12 Economy

H.2.4.13 Budgeting

H.2.4.14 Supply

H.2.4.15 Architect and Engineering

H.2.4.16 Accounting

H.2.4.17 Cost Analysis

H.2.4.18 Drafting

H.2.4.19 Supporting trades as necessary and applicable (e.g., clerks, secretaries, typists, aides, helpers, etc.).

H.3 Technical Requirements: The Contractor is required to provide complete and accurate document(s) which are to be provided on an accept/reject basis IAW all contract terms and conditions. If the Contractor does not have a full understanding of any contract requirement, such matter shall be provided in writing to the Contracting Officer who will clarify such matter. Failure to understand the requirements shall not be a basis for making additional claims against the Government or cause to grant any extension of contract term.

#### H.4 Meetings/Conferences:

H.4.1 Meetings: Periodic meetings shall be held whenever requested by the Contracting Officer, or the Contractor, for discussion of questions and problems relating to the work required under the contract.

H.4.2 Conferences: The Contractor and appropriate Contractor representative(s) will be required to attend and participate in CA conferences, as necessary, on site evaluation, scope of work, environmental analysis, cost and workload compilation, and other conferences pertinent to the work under the contract as directed by the Contracting Officer.

H.5 Confirmation Notices: The Contractor shall provide a record of participation in all conferences, meetings, discussions, verbal directions, telephone conversations, etc., by the Contractor or Contractor's representative(s) on matters relative to the contract work. These records shall be entitled "Confirmation Notices" and shall be numbered sequentially and shall fully identify participating personnel, subject discussed, and any conclusions reached. The Contractor shall forward to the Contracting Officer as soon as possible, but in not less than five (5) workdays following the conference, a reproducible copy of said confirmation notices. Distribution of such notices and confirmations

shall be made only by the Contracting Officer.

H.6 Site Visits, Inspections and Investigations: The Contractor (or appropriate Contractor representative(s)) shall visit and investigate the site(s) as necessary during the preparation and accomplishment of the work. All work and data developed under the contract shall be related to current site conditions and to other proposed work within the specific project area. All travel, costs, and expenses incurred by the Contractor or Contractor personnel shall be included in the lump sum price of the contract except as noted in H.7 below.

H.7 Other Travel: In the event that Contractor is required to travel to sites other than as specified herein, the Government will reimburse the Contractor for approved travel at the current daily rates for Government employees, including per diem, mileage, etc., in lieu of all other expenses. Travel time and mileage will be determined IAW current joint travel regulations. All off-site travel must be approved in writing by the Contracting Officer prior to such travel.

H.8 Review Comments: The Contracting Officer may furnish the Contractor review comments on data submitted at any stage of the review. The Contracting Officer's review is intended to be limited to functional aspects with only limited technical review of a general cursory nature. The Contractor shall comply with review comments in the development of data for the next submittal. In event review comments forwarded to the Contractor require additional clarification or amplification to assure compliance, the Contractor shall request such in writing. The Contractor, in any event, shall furnish a statement of compliance or noncompliance on all review comments. Complete justification and explanation shall be provided for each noncompliance. Exceptions to final review comments must be submitted for approval within 10 workdays from date of comments. All noncompliance with Contracting Officer comments require Contracting Officer approval in writing.

*NOTE TO COR: Where a Contractor's work is outstanding, the COR should initiate a letter to the Contractor outlining the areas of outstanding performance and telling him to keep up the good work. The general criteria upon which the Contractor will be evaluated are substandard, marginal, satisfactory, or superior based upon elements such as efficiency, ingenuity, responsiveness, perceptiveness, thoroughness, timeliness, and resourcefulness. Unlike a construction or A-E contract, where such evaluations are reported to higher HQs, the evaluation is retained only*

in the contract office files.

H.9 Safeguarding the Study(ies): The study shall be afforded special safe-guards to insure that advance acquisition information or other unauthorized information, does not become available to potential Contractors or other unauthorized personnel. All work performed on the study shall be marked "FOR OFFICIAL USE ONLY." The Contractor shall closely control the number of copies of the final study submission. Provisions of C.4.1.3 apply. The Contractor, Contractor-subcontractors or Contractor affiliates, will not be eligible to provide a bid/offer on any resulting solicitation issued under this cost study.

H.10 Regulations: The site of the contract work is on Federal property and all rules and regulations issued by the commander of (specify installation) or other appropriate commanders exercising authority covering fire, safety, sanitary, severe weather requirements, admission to the installation, conduct of operations, etc., shall be observed by the Contractor and Contractor's employees. The regulations include: (reference applicable regulations).

H.10.1 Fire Prevention: The Contractor and Contractor employees shall be cognizant of, and observe, all requirements for handling and storage of combustible supplies and materials, daily disposal of combustible waste, and trash. The Contractor shall require Contractor employees to become familiar with methods of activating fire alarms.

H.10.2 Safety: All rules of safety which are or may be imposed upon the Contractor by Federal, State, or local codes and the installation regulations shall be effectively carried out in the performance of the services set forth herein. The Contractor shall take proper safety and health precautions to protect the work, the employees, the public, and the property of others. Prior to start of work, the Contractor shall be required to discuss and develop mutual understanding relative to administration of the safety program.

H.10.3 Police and Sanitation: The Contractor shall maintain all shops, buildings, structures, and areas used by the Contractor in performance of the contract, in a clean neat, orderly and sanitary condition, conforming to US Army standards (specify where standards are found). All housekeeping supplies and related consumable tools shall be provided by the Contractor at the Contractor's expense. The premises shall be kept free from accumulation of waste material and rubbish resulting from work at all times.

Combustible materials shall be removed daily.

H.10.4 Vehicle Registration: All vehicles operated in support of the contract, including Contractor and Contractor employees' privately owned vehicles or subcontractor vehicles, shall be properly registered, insured, licensed, and safety inspected IAW applicable Federal, State, and local government requirements. Installation registration requirements are covered by (specify). The Contractor shall comply and shall require all Contractor employees or subcontractors to comply.

H.10.5 Security: The Contractor shall comply with all installation security requirements. The Contractor shall submit the name and address of each employee working under the contract and fill out questionnaires or other forms as may be required for security purposes. Methods of obtaining clearance is shown in (specify). Personnel working in the following areas will require clearance as indicated (specify).

H.10.6 Post Operational Hours: Normal duty hours are from (specify) to (specify), Monday through Friday, except for legal holidays or days observed in lieu thereof. All contract work shall be performed during normal duty hours except as specified.

H.10.7 Parking: The Contractor is authorized to park in open parking spaces at locations where contract work is being performed. The Contractor, or Contractor employees, shall not park in any reserved or restricted parking space except as approved in writing by the Contracting Officer.

## **SECTION I - CONTRACT CLAUSES:**

NOTE TO WRITER: This section is reserved to the Contracting Officer, however, the DEH should recommend any FAR, DFARS, or AFARS Clauses (FAR and supplements Part 52) felt needed which are not normally included in the installation's service contracts and which the DEH feels should be included).

## **SECTION J - LIST OF DOCUMENTS, EXHIBITS AND OTHER ATTACHMENTS:**

NOTE TO WRITER: This section is prepared by the Contracting Officer after receiving copies of all technical exhibits and other documents from the PWS writer. This list should include title, date, number of pages, for each document, technical exhibit and other attachments that

make up the solicitation package.

**SECTION K - REPRESENTATIONS, CERTIFICATIONS AND OTHER STATEMENT OF BIDDERS:**

NOTE TO WRITER: This Section is reserved to the Contracting Officer, however, if a special certification by the Contractor is required, it should be inserted in this section. A requirement similar to the following could be recommended.

Certification of Responsibility: The bidder/offeror hereby certifies that he ( ) does ( ) does not meet minimum standards of responsibility established under FAR 9.104-1 and DFARS 209.104-1, i.e., that he has (a) adequate financial resources; (b) ability to comply with the performance schedules; (c) a satisfactory record of performance to include quality; (d) a satisfactory record of integrity; (e) is otherwise qualified and eligible to receive an award under applicable laws and regulations; and (f) has the necessary organization, experience, operational control, technical skills, equipment, and facilities or the existing commitments and arrangements to obtain them.

**SECTION L - INSTRUCTIONS, CONDITIONS AND NOTICES TO BIDDER:**

NOTE TO WRITER: The writer should provide the Contracting Officer any special instructions, conditions, and notices to offerors which will affect preparation and submission of the bid/offer, such as type of repricing and economic price adjustment if any, permission to submit alternate offers if any, bid guarantee, performance or payment bonds or other guarantee, and if less than full amount will be awarded, directions for obtaining copies of drawings, etc..

**SECTION M - EVALUATION FACTORS FOR AWARD:**

NOTE TO WRITER: Include in this Section factors other than price (including technical quality when technical proposals or quotations are requested), which will be given paramount consideration for award of a contract. The solicitation must clearly inform offerors of the significant evaluation factors and relative order of importance the Government attaches to price and all other factors. Numerical weights, which may be employed in the evaluation of proposals, should not be disclosed in solicitations. Special emphasis should be placed upon composition of the Contractor's study team during evaluation for award.



**PART IV**  
**SOURCE EVALUATION AND SELECTION**

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## PART IV

### SOURCE EVALUATION AND SELECTION

#### INTRODUCTION.

##### 1. General:

a. This part is designed to serve as an aid to develop plans for source evaluation and selection. It provides guidance to the DEH in regards to Source Selection Officials (SSO) (also called Source Selection Authority (SSA)), Source Selection board Members (SSBM), and others who participate in the preparation of proposals, preparation of source selection board reports, presentation to selection officials, and selection of offers.

b. The source selection board process is used to evaluate competitive proposals submitted in response to requests for proposals (RFP). The objective of the process as stated in FAR 15.603 is to:

(1) Maximize competition.

(2) Minimize the complexity of the solicitation, evaluation, and the selection.

(3) Ensure impartial and comprehensive evaluation of offerors' proposals and,

(4) Ensure selection of the source whose proposal has the highest degree of realism and whose performance is expected to best meet stated Government requirements.

c. The information in this guide is subject to additional guidance contained in applicable DA and MACOM regulations and directives (e.g., AR's 5-20 and 715-6) and guidance of the Head of the Contracting Agency (HCA) as appropriate to the contract involved.

d. The source evaluation and selection process requires the exercise of sound business judgment throughout the process. The chairperson of the Source Selection board (SSB) and the SSO are expected to exercise their best business judgment, with advice from legal and acquisition members, in making appropriate variations that may be necessary in individual situations, provided these do not constitute departure from existing policies and procedures described in current Federal, DOD, Army and MACOM Acquisition Regulations and Supplements.

e. The proponent for this part is the U.S. Army Contracting Support Agency, Installation Contracting Division. Suggestions, comments, or questions relative to the contents should be directed to:

Headquarters, Department of the Army  
Office of the Assistant Secretary of the Army for  
Research, Development and Acquisition  
ATTN: SFRD-KI  
Washington, DC 20310-0103

2. Acronyms: The following acronyms are often used in source selection documents and may, or may not be, used herein. Note that several indicate the same responsible individual or element.

AFARS	Army FAR Supplement
APC	Army Procurement Code
CA	Commercial Activity
CRC	Cost Realism Committee
DCAA	Defense Contract Audit Agency
DFARS	Defense FAR Supplement
DOL	Department of Labor
FAR	Federal Acquisition Regulation
FPMR	Federal Property Management Regulation
GMC	General Management Committee
HCA	Head of Contracting Agency (see HPA)
HPA	Head of Procuring Agency (see HCA)
IAW	In Accordance With
IGE	Independent Government Estimate
MACOM	Major Army Command
PWS	Performance Work Statement
RFP	Request for Proposal
SEB	Source Evaluation Board
SSA	Source Selection Authority (see SSO)
SSAC	Source Selection Advisory Council
SSB	Source Selection Board (see SEB and SSEB)
SSBM	Source Selection Board Member
SSEB	Source Selection Evaluation Board (see SEB and SSB)
SSEP	Source Selection Evaluation Plan
SSO	Source Selection Official (see SSA)
TEC	Technical Evaluation Committee

3. Applicability and Scope:

a. The Source Selection procedures delineated in this part are generally applicable to competitive negotiated services acquisitions (excluding research and development) requiring Department of the Army acquisition plan approval. These procedures may be applied to acquisitions below the threshold for DA acquisition plan approval and other acquisitions as appropriate.

b. The Head of Contracting Activity (HCA) is responsible for determining the appropriateness of formal source selection procedures.

c. The decision to use formal source selection procedures must be made early in the acquisition cycle and reflected in the acquisition plan and milestones.

4. Source Selection Objectives:

a. Careful planning, application of common sense, and a willingness by all participants to follow rules and perform specific functions in a conscientious manner are required in order to complete the source selection process successfully.

b. The objectives of the source selection process are to:

(1) Ensure impartial, equitable, and thorough evaluation of offerors' proposals.

(2) Provide the necessary information to the Source Selection Authority (SSA) to select the offeror whose proposal has an acceptable degree of realism and whose performance is expected to best meet Government requirements at an affordable cost.

(3) Ensure source selection is performed in an efficient manner.

(4) Ensure compliance with FAR 15.6.

5. Appointment of the Source Selection Authority (SSA), Source Selection Advisory Committee (SSAC), Source Selection Evaluation Board (SSEB) Members, Advisors, and Staff:

a. An impartial individual must be appointed to fill the position of SSA. This appointment is made by the

Head of the Contracting Activity (HCA) and is usually made to an individual who is a Colonel or higher, or an equivalent civilian grade. The individual selected as the SSA must not have conflicts of interest with the procurement action and have sufficient time remaining on active duty at the installation to see the source selection process through to completion (usually at least 18 months from date of appointment). The SSA should be someone other than the Contracting Officer for Commercial Activities Program and other services procurement actions which require approval of an acquisition plan by HQDA.

b. The SSAC (if used) is normally comprised of key installation personnel such as directors or staff officers.

They need not have specific functional technical expertise but should have the management background that will allow them to assist or provide counsel in the selection process. The SSA may also elect to have contracting and legal advisors as members of the SSAC. An alternative which should be considered is to staff the SSAC with experienced personnel from the MACOM Headquarters.

c. The SSA will appoint through the installation Commander, the Chairman and members of the SSAC (if used), the Chairman of the SSEB, members of the Board, and advisors to the Board.

d. The Chairman of the SSEB must be an individual senior to members of the SSEB in grade/rank, who has no conflicts of interest and possesses good management skills. Like the SSA, the SSEB chairman must have sufficient time remaining at the installation to complete the source selection process.

e. The members of the SSEB must be experts in fields relevant to the areas to be evaluated and, in the case of a Commercial Activities Program solicitation, must not be in positions directly affected by the cost study or party to the Government bid. Such individuals must have no conflicts of interest and have expected longevity with the Government sufficient to carry through completion of the SSEB process.

f. The legal and contracting advisors to the SSEB must be individuals with experience in services contracting.

They must not have conflicts of interest and have expected longevity at the installation sufficient to carry through the evaluation process. The contracting advisor must be the Contracting Officer responsible for solicitation and contract award.

g. The SSEB process will involve a substantial amount of full time effort on the part of participants. This should be considered in selecting people for membership. To ensure the credibility and professionalism of the review process, impartial and responsible individuals must be appointed, even if it may be a hardship to their respective organizations.

h. Normally, participants should be appointed when the installation begins work on the project. The Source Selection Plan (SSP) must be written concurrently with the solicitation. It is necessary to have the Chairman of the SSEB, the key committee leaders, and advisors in place before the evaluation Plan is concluded since these persons will play a substantial role in preparing the plan for SSA approval. The Source Selection plan must be approved by the SSA prior to the issuance of the solicitation. The contracting officer must ensure the Source Selection Plan and Sections L and M of the solicitation are in agreement.

i. In the event that changes must be made in participants, appointment of replacements will be handled in the same manner as the original appointments establishing the Board.

j. Not all personnel involved in the source selection process will actively participate in the development of the performance work statement (PWS) in the request for proposals (RFP). Since it is imperative that all personnel thoroughly understand the nature of the solicitation (including PWS), a copy of the complete solicitation must be furnished to all appointed participants upon solicitation issuance. All participants must review and understand the RFP before the evaluation process starts.

k. SSA, SSAC, SSEB, and SSAC duties take priority over other duties.

l. Sample letters of appointment and disclosure certificates are provided at the end of this part.

#### 6. The Role of the SSA:

a. The SSA approves the source selection plan (which includes any scoring/weighting schemes and the relative importance of the evaluation factors), authorizes release of the solicitation, and approves the Contracting Officer's determination to exclude offerors from the competitive range. The procedures used by the SSEB must

be designed to provide the SSA with the information needed to decide which proposal best meets the Government's requirements. Therefore, there must be complete agreement between the SSA and the SSEB on all procedures for the selection process as well as the format of the final report/briefing.

b. After the SSA establishes the operating rules for the SSEB, the SSA should not be directly involved in its day-to-day operations. The SSA should rely on the Source Selection Advisory Council (SSAC) (if used) or the SSEB chairman to monitor the evaluation process. In-process briefings by the SSEB generally tend to slow the evaluation. Because the SSA is concerned primarily with the end results, in-process interim briefings are normally not required but may be needed in lengthy, complex evaluations.

c. Normally, the SSA does not require the SSEB to furnish him a recommendation of a successful offeror, but rather has the SSEB provide a detailed report and briefing covering each offeror's advantages, disadvantages and deficiencies.

d. The SSA's decision must be consistent with the evaluation plan and with the RFP. As a general rule, the source selected should be the offeror whose proposal meets the Government's minimum needs (as set forth in the PWS) at the lowest most probable cost (in the case of a cost reimbursable contract) or the lowest price (in the case of a fixed price contract).

#### 7. The Role of the SSAC:

a. An SSAC should be used in an installation service source selection only when substantial advantage can be gained with this additional layer of organization. For a large complex solicitation, the SSA may wish to use a Source Selection Advisory Council (SSAC) to provide assistance in the selection process.

b. The SSAC does not normally perform in-depth evaluations and does not make the decision for the SSA. The SSAC provides oversight of the SSEB's actions and may discuss the advantages/disadvantages of offerors' proposals and the SSEB's evaluation with the SSA. Any SSAC recommendations made to the SSA and formal deliberations of the SSAC should be documented and retained in the files. The SSAC should keep its involvement with the SSEB's actions to a minimum in order not to

delay the evaluation process. However, it is appropriate for the SSAC to recommend to the SSEB the method and manner of information displayed to the SSA.

8. Structure of the SSEB. The structure of the SSEB depends on the size and complexity of the solicitation. The SSEB consists of a Chairman of the Board and three (3) committees: the General Management Committee, the Technical Evaluation Committee, and the Cost Committee. The SSEB is supported directly by an administrative officer and contracting and legal advisors. An alternative organization having only two (2) committees (i.e., cost and combined technical/management) may be appropriate in some situations.

9. Staffing of the Committees:

a. Every effort must be made to staff the SSEB with the best qualified, impartial individuals possible. Consideration should be given to having some members of the SSEB selected from outside of the installation to add objectivity and the benefit of previous experience to the source selection process. If outside experts are not available for full-time participation, they should be used as trainers prior to the actual evaluation of proposals.

b. The Technical Committee must be staffed with personnel familiar with the functional areas covered by the RFP who have the technical expertise necessary to analyze offerors' proposals and document their findings.

c. The Management Committee must be staffed with a mix of personnel having a background in management, administration, and quality assurance.

d. The members of the Cost Committee must have experience as auditors, accountants, or price/cost analysts.

e. In the event that the installation is unable to find all the qualified personnel needed to staff the SSEB, the SSA should request assistance from the appointing authority.

10. Role of the Contracting Advisor:

a. The Contracting Advisor to the SSA/SSEB will be the Contracting Officer designated for the resultant contract. The Contracting Advisor is not a "rating" member of the SSEB and does not evaluate the proposals. The Contracting Advisor provides guidance to the SSEB

and SSA. The Contracting Advisor leads and controls all discussions and contact with offerors. (NOTE: A separate contracting advisor other than the Contracting Officer may be a member of the SSAC.)

b. The Contracting Officer is responsible for:

- (1) Preparing the Appointment Letters
- (2) Preparing the solicitation
- (3) Coordinating on the source selection evaluation plan
- (4) Conducting pre-proposal conferences
- (5) Establishing procedures to protect contractor proposal information and Government source selection data
- (6) Issuing proposal deficiency notes and/or clarification requests
- (7) Conducting all written and oral discussions and negotiations
- (8) Obtaining pre-award surveys and determining contractor responsibility
- (9) Making competitive range determinations with the approval of the SSA
- (10) Ensuring the SSA is properly apprised of all relevant information and data necessary to make his selection and that the SSA is advised of any problem in the process that may affect the SSA decision or prevent award of the contract
- (11) Awarding the contract
- (12) Debriefing unsuccessful offerors

11. Role of the Legal Advisor:

a. The Legal Advisor will screen all nominated source selection participants for conflicts of interest prior to their appointment.

b. The Legal Advisor will also serve as an advisor to the SSA, SSAC, SSEB, and Contracting Officer in the

broad sense of source selection activities. The following are some areas where the Legal Advisor can assist the source selection participants: (It is also permissible to have separate legal and contracting advisors to the SSAC if they are provided by the MACOM and not actually members of the SSAC.)

- (1) Establishing evaluation criteria
- (2) Determining competitive ranges
- (3) Assisting and conducting discussions to avoid technical leveling, technical transfusion and inappropriate disclosures
- (4) Reevaluating and rescoring
- (5) Reviewing of source selection package for legal sufficiency
- (6) Ensuring consistency of evaluation/selection with RFP/source selection plan
- (7) Assisting the SSA in writing the SSA decision
- (8) Writing the contract
- (9) Debriefing of unsuccessful offerors
- (10) Providing input for Lessons Learned Report

#### 12. Responsibilities of SSEB Participants:

a. Chairman of the Evaluation Board: The Board Chairman is the person in charge of the overall conduct of the source selection evaluation board. The Chairman's duties include:

- (1) Developing or supervising the preparation of the Source Selection Plan
- (2) Ensuring that board members receive necessary training in evaluation, administrative, and operating procedures
- (3) Requiring that all members adhere to the provisions of the Source Selection Plan

(4) Scheduling and coordinating Board meetings, discussions, and conferences

(5) Assuring that records are prepared summarizing the meetings of the Board to support its findings, conclusions, and recommendations

- (6) Resolving all Board procedural matters
- (7) Overall direction or supervision of the source selection evaluation board
- (8) Developing and finalizing the report to the SSA
- (9) Selecting of Administrative Officer for the SSEB
- (10) Developing, finalizing, and approving the Lessons Learned Report
- (11) Securing SSEB documents

b. Chairman of the Evaluation Committees: The committee chairmen are responsible for:

- (1) Assisting in development of the Source Selection Plan
- (2) Convening their respective committees and adjourning their committees after fulfillment of their responsibilities
- (3) Ensuring members are trained in their duties and procedures in accordance with instructions from SSEB Chairman
- (4) Seeking guidance from the Board Chairman as deemed necessary and advising the Chairman of any pertinent procedural decisions made or problems encountered by their committees during the evaluation process
- (5) Familiarizing themselves with all areas of the RFP and proposals
- (6) Leading the discussions of the committees, encouraging members to express their positions fully and seeking consensus among the members, and providing for minority opinions to be reported

(7) Assuring that all phases of the evaluation are fully documented

(8) Monitoring the evaluation for consistency, completeness, and compliance with policy

(9) Compiling the committee's evaluation documents and furnishing required documents to the SSEB chairman

(10) Debriefing members prior to adjournment

c. Administrative Officer to the SSEB: The position of SSEB Administrative Officer is normally a full-time job for the duration of the program. The Administrative Officer is responsible for:

(1) Providing administrative support to all members of the Board

(2) Obtaining the required working space, equipment, telephones, and supplies for operations of the SSEB.

(3) Assisting the Chairman and Board members as required in the evaluation process

(4) Informing Board members of meetings, security requirements, and administrative procedures as necessary

(5) Attending Board meetings, preparing summaries and facilitating Board proceedings as required

(6) Supervising clerical personnel

(7) Controlling all SSEB documents

(8) Maintaining records of the SSEB

d. Evaluators: The evaluators are responsible for:

(1) Comprehensively reviewing the entire RFP (including PWS, exhibits, etc.) and the Source Selection Plan prior to receipt of proposals

(2) Familiarizing themselves with the elements of the solicitation and contractor proposals relative to their areas of expertise prior to commencement of

evaluation of proposals

(3) Providing a comprehensive, fair, and impartial evaluation of all offerors' proposals

(4) Preparing and submitting written documentation substantiating their evaluation

(5) Adhering to all principles and procedures of the Source Selection Plan and following instructions given by the Chairman of the SSEB and SSEB committee chairmen

### 13. SSEB Security Procedures:

a. In order to preserve the integrity of the source selection process, stringent security safeguards must be applied to all facets of the process.

b. The names and/or positions of the SSA, SSEB members, and advisors (and SSAC members) shall be treated as "FOR OFFICIAL USE ONLY" information. Any documents containing such names or positions (including preliminary documents to establish/appoint Board members) are procurement sensitive and will be marked "FOR OFFICIAL USE ONLY."

c. All participants in the process are required to sign a Confidentiality Certificate and a Financial Interest Certificate. All members must:

(1) Refer all attempted communications by offerors' representatives to the Contracting Officer, and report these to the Chairman of the SSEB.

(2) Not allow personnel in their parent duty section or home organization to divulge their membership.

(3) Not accept under any circumstances any invitation from offeror personnel for participation in any affair (social, professional, etc.), before award, regardless of how remote it may be from the source selection. See Appendix 8, Sample Standard for Board Members.

(4) Not disclose anything pertaining to the process to any contractor. See Certificate of Non-Disclosure.

(5) Not discuss any aspect of the evaluation with other Board members outside the area designated for deliberation.



(6) Not assume that it is safe to speak of the evaluation process because they are among Government employees or are in Government buildings.

(7) Not discuss the substantive issues of the evaluation with any unauthorized individual even after award of the contract.

d. Physical security of facilities and documents used in the selection process is important. Most offerors have a substantial financial investment in competing for the contract. Offerors' proposals and documents generated by the SSEB are procurement sensitive. Since any unauthorized release of procurement sensitive material could have serious consequences for the Government, no contractor proposals, SSEB working papers, notes, reports, or any information contained therein are to be released or taken out of the SSEB facilities without express authorization of the Contracting Officer. See Protection of Procurement Sensitive Information.

e. Facilities used in the source selection process should be isolated from other activities. There must be sufficient floor space to support adequately the number of personnel involved in the process. Committees should be segregated within the facilities. There will be a considerable volume of documents generated by the offerors and by the source selection personnel that will require an internal storage area that can be accessed only through controlled means (e.g., deadbolt locks, padlocks, etc.). Access to the building or area should be limited to actual participants. Depending upon the number of personnel involved, it may be necessary to use identification badges, access rosters, and registers.

#### 14. Standards of Conduct/Conflicts of Interest:

a. All personnel participating in any source selection process must fully comply with the standards of conduct and prohibitions against conflicts of interest set forth in AR 600-50. All conflicts of interest, whether actual or apparent, must be avoided.

b. To preclude actual conflicts of interest, or the appearance of such conflicts, exacting screening of proposed source selection participants must be performed. The screening process is the responsibility of the Staff Judge Advocate supporting the individual appointing the SSA.

c. In a Commercial Activities Program cost comparison study, special precautions must be taken to ensure that the comparison of in-house and contractor costs is performed in an objective, unbiased manner. In addition to the financial or personal conflicts of interest cited in AR 600-50, the following areas require review during the screening of potential participants in a Commercial Activities Program Source Selection:

(1) Participants should not be individuals who have a preconceived opinion that work should be retained in-house or contracted.

(2) Participants should not be individuals who are or may be affected personally by the cessation or continuation of employment, a change in jobs, job duties,

or grade. Participants should not have family members or personal friends whose employment would be affected.

(3) Participants should not have personal knowledge of the number of spaces in the MEO and/or cost in the Official Sealed In-House Estimate (Government's bid).

d. Documentation of the screening process must include:

- (1) Who was screened
- (2) Who did the screening
- (3) Review of financial disclosure statements

(4) Problems discovered in screening and decisions made concerning such problems

e. Documentation will be stored with SSEB records until evaluation is completed and then turned over to the Contracting Officer.

#### 15. Lines of Authority within the Selection Process:

a. It is the responsibility of the committee chairman to make the determination regarding their respective committees' final conclusions and recommendations.

b. The ultimate authority and responsibility for the SSEB's action rests with the Chairman of the SSEB.

c. The ultimate authority and responsibility for the SSAC's action rests with the Chairman of the SSAC.

d. The SSA has the final authority and responsibility for deciding the successful offeror.

#### 16. Source Selection Milestones:

a. The overall time required to complete the source selection process is dependent upon the complexity of the solicitation, the number of proposals received and the extent of required discussions with offerors. Good contracting practices shall not be sacrificed to meet previously established milestones.

b. Prior to issuance of the solicitation, the following actions must be accomplished:

- (1) Appointment of the SSA, SSEB

Chairman and members, advisors, and SSAC members (if used)

(2) Development of the source selection plan and approved by the SSA

(3) Completion of Independent Government Estimate

c. Prior to receipt of contractor proposals, the following actions are required:

(1) Completion of Army Audit Agency validation of the in-house estimate and delivery to the Contracting Officer in a sealed envelope (if a Commercial Activities Program cost comparison will be performed)

(2) Training of SSEB members (may take place).

d. After receipt of proposals, the major milestones are:

(1) Contracting Officer initial review of proposals

(2) Distribution of proposals by the Contracting Officer

(a) Contracting Officer retains original copy of each offeror's complete proposal

(b) Contracting Officer gives remaining copies of each proposal to the Chairman of the SSEB

(c) Chairman of the SSEB gives one complete copy of each proposal and remaining copies of cost proposals to cost committee of SSEB

(d) Chairman of the SSEB gives the remaining copies of technical and management proposals to the technical and management committees of the SSEB

(3) SSEB performs initial review of proposals and identifies to the Contracting Officer:

(a) Which proposals are acceptable, susceptible of being made acceptable, and unacceptable

(b) Proposal deficiencies and areas

requiring clarification

(c) Offerors shall not be eliminated solely to reduce the time required for proposal evaluation

(4) Contracting Officer will request from offerors necessary clarifications

(5) Contracting Officer receives revised/clarified proposals from offerors and forwards to the respective SSEB committees

(6) After approval by the SSA, the Contracting Officer informs unacceptable offerors that their proposals have been eliminated from competition. (NOTE: If small business subcontracting plans have not been requested and evaluated as a part of source selection criteria, a request for these plans will accompany the request for revision/clarification.

(7) SSEB evaluates the revised/clarified proposals and provides the Contracting Officer with the results

(8) Contracting Officer establishes the competitive range with approval of the SSA

(9) DCAA reviews proposals within the competitive range

(10) Contracting Officer prepares for negotiations and submits pre-negotiation Business Clearance Memorandum (BCM)

(11) Upon approval of pre-negotiation BCM, Contracting Officer notifies contractors, who are not in the competitive range

(12) Upon approval of pre-negotiation memorandum, Contracting Officer opens discussions, identifies deficiencies, conducts negotiations, and eliminates deficient proposals. (NOTE: There may be more than one round of negotiation prior to best and final offer.) All revised proposals will be submitted to SSEB for evaluation.

(13) Contracting Officer requests best and final offers

(14) Contracting Officer receives best and final offers and forwards them to respective SSEB committees

(15) SSEB reevaluates proposals as result of best and final offers

(16) SSEB prepares briefing and report to the SSA. (NOTE: Brief to SSAC (if used) before going to SSA and get advice on evaluation and presentation of briefing.)

(17) SSA makes decision and advises Contracting Officer

(18) Contracting Officer prepares and submits post-negotiation Business Clearance Memorandum and obtains legal review of proposed award

(19) HCA approves award (when required)

(20) Cost comparison is performed (if Commercial Activities Program cost comparison solicitation)

(21) Contracting Officer makes AFARS 5.303 notification of award \$5 million or more (20 working-hour hold). For Commercial Activities awards, this notification is made only after clearance to award is received through Commercial Activities channels

(22) Contracting Officer signs contract or conditional contract (in the case of a Commercial Activities contract) and mails or otherwise delivers contract to the awardee

(23) If a Commercial Activities solicitation, the Contracting Officer makes a public announcement of the contract award or in-house decision, and commencement of the public review period

(24) Debriefing unsuccessful offerors as required

(25) Lessons Learned Report is finalized

e. After the decision of the SSA, the SSEB must complete its final report to include an after action/lessons learned section. The SSEB may also be involved in the debriefing of unsuccessful offerors.

f. In developing the milestones, it is absolutely essential to allow sufficient time to prepare a meaningful decision document briefing. Delays in the overall solicita-

tion process shall not force a compressed selection process.

g. The overall importance of the team effort required to accomplish a detailed, timely, and highly professional evaluation by the SSEB cannot be overstated.

The solicitation process is an expensive and labor intensive effort for both the Government and the offerors. Therefore, the best return on the investment is a fair, impartial decision representing the overall best interests of the Government.

17. Source Selection Plan (SSP):

a. The SSP is the document that serves as the roadmap for conducting the source selection process.

b. The preparation of the SSP is the joint responsibility of the Contracting Officer, the functional manager and the Chairman of the SSEB, with assistance from the legal advisor. The plan must be approved by the SSA before any pre-solicitation conferences are conducted or the solicitation is issued.

c. The SSP must include:

(1) A description of the services covered by the solicitation

(2) Proposed pre-solicitation activities

(3) Description of the source selection organization, assigned responsibilities, and a listing of participants (team members and advisors)

(4) Proposal evaluation factors and their weighted value

(5) Scoring or evaluation technique(s) to be used, to include the methodology for evaluating cost/price proposals. (NOTE: Cost/price is not scored but is a mandatory evaluation area.)

(6) Strategy for ensuring full participation of small and small disadvantaged business, if unrestricted acquisition, include, at a minimum, methodology to be used to determine that the subcontracting plan and goals are acceptable

(7) Significant events and the schedule for their completion

d. The source selection process must be accomplished in accordance with the approved SSP, without deviation.

18. The Evaluation Factors:

a. The factors and subfactors for evaluation of proposals are the backbone of the source selection process. The factors and subfactors must be specifically tailored to each solicitation. They must be relevant to the missions and functions described in the solicitation. They are generally stated as broad concepts such as management, technical, quality, cost, price, or similar descriptors. Care must be taken that subfactors or sub-subfactors are not excessive. Unnecessary layering will tend to cause an undesirable leveling effect and may "overstructure" the source selection process.

b. The relative importance of each evaluation factor is stated in the solicitation, but specific numerical weights are not revealed to offerors. The evaluation factors in the solicitation are the basis for the SSP. The SSP establishes the numerical weights for each factor and subfactor and provides narrative guidance on how each evaluation factor is to be used by the SSEB during proposal evaluation.

c. Evaluation, Summary Score Sheet, and Subfactor Worksheet examples are at the end of Part IV.

19. Developing the Independent Government Estimate (IGE):

a. Some form of cost or price analysis is required in conjunction with every negotiated procurement action. To assist in this analysis, the Government must develop an IGE of a contract to fulfill the requirement. The IGE is developed to support the source selection process. The IGE is in no way associated with the official sealed in-house estimate based upon the Most Efficient Organization (MEO) used in the Commercial Activities cost comparison process.

b. The Contracting Officer is responsible for ensuring that the IGE is prepared but does not participate in actual preparation of the IGE. The IGE is developed by individuals who have knowledge of the work to be performed and the manner in which private industry would perform this work (or similar work).

c. Conflicts of interest must be avoided in IGE preparation. Personnel who participate in the development of, or have knowledge of IGE preparation for a Commercial Activities Program solicitation. Further, for the IGE to be

truly "independent," personnel who will be members of the SSEB or otherwise involved in the source selection process (i.e., personnel who will use the IGE) should not have a major role in IGE development.

d. Since the IGE must be completed and reviewed prior to issuance of the solicitation, IGE preparation should commence as soon as the PWS (and workload data) permit identification of work to be performed. The IGE can be developed in increments and/or iterations.

e. The IGE is a procurement sensitive document and must be marked "procurement sensitive" and safeguarded. Once completed, the IGE is turned over to the Contracting Officer, who must, in conjunction with the SSEB cost committee, review the IGE for readily apparent inaccuracies, omissions or inconsistencies. Any questionable areas of the IGE must be referred to the IGE preparers for correction/clarification prior to receipt of contractor proposals. The IGE shall not be revealed to members of Technical/Management committees. After contractor proposals are received, elements of the IGE that are significantly divergent (e.g., deviate more than 15 percent) from responsible contractor proposals must be referred to the IGE preparers for examination and verification. (NOTE: This is done by requesting the IGE developers to review certain elements of the IGE. Contractor proposals are not revealed to the IGE preparers.)

The cost committee must be able to reconcile and explain to the SSA any significant deviations between the IGE and contractor best and final proposals. Any "refinements" of the IGE by the cost committee must be coordinated with the IGE preparers.

f. The first step in developing the IGE is establishing a mind set as if the developers were working in a commercial environment. How the Government would organize and staff the work is not relevant when developing an IGE; rather, the practices and procedures that are normally used by industry should be used as the basis for developing the IGE.

g. The IGE must contain all the elements that contribute to the contract price, such as:

(1) Wages:

(a) A significant element of cost in most service contracts is the wages associated with personnel staffing. Ideally, staffing requirements should be

established by using workload data and industrial productivity standards. However, in many cases, these types of standards are non-existent or are somewhat subjective in nature.

(b) An alternative method is to use existing staffing guides with an applied Government/industry productivity index. The corresponding contractor employee may receive less vacation time and experience less sick leave usage than Government employees. This means that contractors may produce the same amount of work with fewer people.

(c) In order to arrive at the correct contractor staffing level, the people developing the IGE should compute the total amount of work to be accomplished in terms of productive hours and divide that number by the productive manhours per year expected of the average contractor. Department of Labor (DOL) local wage determinations will specify the amount of non-productive time allowed the contractor's employees.

(d) Contractors may experience an employee to supervisor ratio higher than the Government. This should be considered when developing projected overhead staffing. Other labor factors such as shift and overtime differentials must be estimated and included as personnel costs.

(e) After all productive, non-productive, shift and overtime hours are estimated, job titles have to be assigned for each skill classification. The DOL wage determinations will include job classifications (job descriptions) for each type of skill.

(f) The DOL wage rate applicable for each skill is then applied to the hours to determine wages.

(2) Payroll taxes: Federal Insurance Contributions Act (FICA), Federal Unemployment Tax (FUT), and State Unemployment Tax (SUT) rates are applied to the wages to compute payroll taxes.

(3) Benefits: The DOL wage determinations will list the fringe benefit costs applicable to all hourly employees. Fringe benefit costs for salaried and executive positions must be estimated.

(4) Insurance: Workman's compensation and other insurance required by the solicitation are applied to all employees.

(5) Other Direct Costs: These include estimated travel and relocation costs, training costs, or any other costs required to provide the services.

(6) Subcontracts: Functions or tasks that are likely candidates for subcontracts should be included in this cost element estimate.

(7) Home Office Support: Most projects will require some support from the company's home office. A typical cost item is computer (payroll) support. These costs should be included as home office support unless covered as other direct costs.

(8) Equipment and Materials: This cost element covers equipment and materials required to provide the services. It also includes operating and office supplies. For equipment normally rented, rental charges should be costed. In the case of capital equipment, only appropriate depreciation expense should be costed. The IGE should be calculated two (2) ways:

(a) On the assumption that contractors will furnish all equipment, materials and supplies except "mandatory use" Government-furnished equipment, materials and supplies; and

(b) On the assumption that the contractor will accept all Government-furnished property offered in the solicitation. (In the event that offerors do not accept all offered Government property, it may be necessary to adjust the IGE in order to make a valid comparison between the IGE and such contractor proposals.)

(9) General and Administrative (G&A): All contractors will have a G&A rate which includes the costs associated with the corporate overhead. This overhead includes such elements as the cost of operating the corporate office and the cost of marketing. Other similar Government contracts can be used to estimate this figure.

(10) Profit or Fee: The final element to consider is fee or profit. The type of contract contemplated will affect the rate used in developing this element. The Contracting Officer should be able to estimate fee or profit using Defense Federal Acquisition Regulation Supplement (DFARS 215.9) profit guidance and contracts for comparable services.

## 20. Proposal Evaluation:

a. Receipt and Breakout of Proposals: Contractor proposals are received in the contracting office. Upon receipt, the Contracting Officer should check all proposals to ensure they are complete. All copies of each contractor's proposal should be numbered for accountability purposes. The complete original copy of each offeror's proposal is to be kept secure in the contracting office in the solicitation/contract file. The remaining copies of contractor proposals are to be turned over to the SSEB Chairman.

b. Familiarization with Proposals :

(1) Prior to the receipt of proposals, each evaluator must be required to read the entire RFP, concentrating on those portions of the work statement and other requirements of the RFP that pertain to the element or factor in the proposal that the evaluator will be expected to appraise. This review should preferably begin at least a month prior to the date the proposals are scheduled to be received.

(2) The SSEB should be convened at least three weeks before the proposals are received. During this time, the SSP, evaluation criteria, and scoring methods should be discussed in detail and the questions of the evaluators, arising out of their prior study of the RFP, answered. This prepares the evaluators to begin work immediately upon receipt of the proposals. Practice evaluation scoring sessions should be conducted to ensure all evaluators are using the same criteria; i.e., to preclude evaluator "A" from scoring an outstanding as 98 and evaluator "B" scoring it as 90.

(3) The first order of business, after the receipt and breakout of proposals, should be familiarization with the content of all submissions. The SSEB chairman should explore each contractor's entire proposal. It is necessary to get an overview of where everything is located and to identify key interfaces between the technical, cost, management, and other component packages. Additionally, evaluators need sufficient time to absorb everything that is in the proposal concerning the element, factor, subfactor, etc., which they are assigned to evaluate.

(4) Evaluators must have the necessary expertise to evaluate the particular area of the proposal to which they are assigned. The committee and subcommittee chairmen should periodically assess the level of knowledge possessed by the individual members throughout the

evaluation process. This could be accomplished by a limited number of scheduled group meetings, most of which should take place at the outset of the evaluation effort. In addition to raising the information level of all members, such meetings permit committee chairmen to observe progress in the evaluation effort and to identify gaps and lagging areas on a timely basis. Variations in the interpretation and application of criteria should be revealed in discussions among evaluators, and where criteria has not been properly defined, timely corrective action should be taken. If numerical scores are used, the evaluators should not suggest nor disclose numerical scores during such meetings.

(5) The SSEB chairmen should establish some form of inter-area or inter-committee coordination effort. This coordination need not be elaborate, but there should be a relatively simple mechanism for prompt recognition of representations made by offerors that will have an impact on the evaluation work of more than one area. (For example, staffing proposed in the technical proposal must tie in with staffing costed in the cost proposal.) Meetings of committee or subcommittee chairman for the purpose of coordination should be held as required and must be documented.

c. Technical Evaluation :

(1) The SSEB accomplishes the initial technical evaluation through an analysis of each proposal with respect to the standards established in the SSP and RFP before the receipt of proposals. Technical evaluations will be conducted independently of price or cost proposals. It is the responsibility of the SSEB chairman to assure that the evaluation is a coordinated effort and that all evaluation reports on each proposal are consistent and rational.

(2) Evaluators will score each proposal and indicate its worth in relation to the standards. When it is necessary to verify certain aspects of proposals outside their technical skill, evaluators are encouraged to engage in discussions with advisors or other SSEB members. Technical/management committee chairmen should bring anomalies, errors, or omissions in contractor technical/management proposals to the attention of the cost committee chairman.

(3) Preparation of the results of the evaluation in narrative form is a very important aspect of the evaluation process. When writing the narrative com-

municating his findings, evaluator should be aware that the narrative will be the principal means available to the SSAC and SSA to perform a comparative analysis. The evaluator should indicate in the narrative, as a minimum: what is offered; whether it meets or fails to meet the standard; any advantages, disadvantages or risks and their significance; what, in the evaluator's opinion, may be done to remedy a deficiency; and what impact (including technical, schedule, and cost risk) the correction of the deficiency will have on the offeror's overall ability to perform. Clarity and brevity are the keys to successfully prepared narratives.

(4) Cases may arise in which an evaluation group cannot agree on the evaluation result. In such an event, the evaluation group should ensure that none of the evaluators has misinterpreted or misunderstood any aspect of the proposal evaluation. If after discussion, there is still a significant difference of opinion between members of the evaluation group, a minority opinion must be issued. This technique will provide the SSAC and SSA the information to develop an overall assessment of the offerors' proposals. Minority opinions must be made part of the SSEB report.

(5) Four (4) distinct products from evaluators should be included in the evaluation report: ratings, narrative assessments, deficiency reports, and clarification requests.

d. Cost or Price Evaluation:

(1) The purpose of cost evaluation is to determine whether each offeror's proposed costs are realistic in relation to the RFP and the technical proposal. The purpose of price evaluation is to provide an assessment of the reasonableness of the proposed price. It is emphasized that cost and price will not be scored (AFAR 15.608(a.1)).

(2) Offerors' cost or price proposals will not be made available to technical evaluators. Cost or price evaluators, however, should discuss the details of technical proposals with the technical evaluators to aid in their evaluation of costs associated with labor categories and hours, materials, and other elements of cost. Cost or price evaluators should also use DCAA audit reports. Evaluators must ensure that quantitative aspects of contractor proposals are verified to be necessary and reasonable and that technical/management proposals track with cost proposals (e.g., that the 15 electricians proposed by the contractor are the proper number and that the cost proposal costs out those 15 electricians). Note: Cost evaluators will

not divulge cost or price data to the members of the Technical/Management Committee.

(3) In performing cost and price analysis, the evaluators need to consider reasonableness and realism. One way this can be done is by comparing the proposed cost elements with the IGE. Another method is to request



assistance from the applicable Defense Contract Administration Services Management Area (DCASMA) and/or the Defense Contract Audit Agency (DCAA).

(4) Before the offerors' proposals can be equitably evaluated, consideration must be given to disparities among offerors such as the variations in the amount of Government-Furnished Property (GFP) requested.

(5) The cost team should initiate and maintain an audit to facilitate an understanding of the changes leading to the final cost or price.

(6) Following completion of the cost or price evaluation, the SSEB Chairman will be provided the cost committee's findings as to the reasonableness and realism of each offeror's proposal. If a proposal is determined to be unrealistic or unreasonable, the reasons for this conclusion must be stated.

(7) When evaluating competitive proposals for cost reimbursable, or fixed price incentive type contracts, a cost realism analysis must be performed based on the offeror's methods of performance. This test for realism ensures that risk is taken into consideration to preclude a buy-in that promises low cost but cannot be substantiated as credible by either the level of the proposed effort or the efficiency with which the work is to be carried out. The result of a cost realism analysis of an offeror's proposal is an estimate of the most probable cost to the Government if the contract was awarded to that offeror. In performing a cost realism analysis, an evaluator must marry the technical evaluation with the cost or price evaluation of the offeror's proposal. A cost estimate is then prepared to reflect those changes which the technical and cost analysts feel are realistic and necessary to estimate the cost to the Government if award is made.

e. Discussions Within and Among SSEB Committees:

(1) While individual committee members may have specific expertise in one functional area, each committee member should consider all functions in those factors assigned to the committee. This allows an overview of each function and ensures that all interrelationships of functions are discussed.

(2) Each factor will undergo a thorough evaluation in accordance with the SSP. The specific

methodology should be left to the SSEB Chairman and the committee chairmen to devise. It is possible to evaluate all parts of a single proposal before going on to another. Whatever decision is made, the file should be completely documented.

(3) Communication among the committees should be controlled. The cost committee alone should be privy to contractor price/cost proposals. Cost committee members must ensure that quantitative aspects of contractor proposals are verified to be necessary and reasonable and that technical/management proposals track with cost proposals. Technical/management/cost committee members should bring anomalies and/or errors in contractor technical/management/cost proposals to the attention of their committee chairman. As a rule, communication between committees should be accomplished in writing.

f. Initial Screening :

(1) It is pointless to proceed with a detailed evaluation and scoring of proposal features which are based on representations of doubtful validity. These features should be identified before detailed evaluation begins. If they are scored without confirmation, serious distortions can creep into the evaluation results.

(2) Statements in a proposal may be promissory in character and require confirmation by comparison with other factual data available to the Government. To validate these assertions, the services of pre-award survey teams and auditors should be utilized. The representations of offerors are also tested in the critical first reading by the SSEB members who are expected to use their experience, knowledge, and background to determine whether or not such representations are feasible, logical, and reasonable.

(3) The initial screening should ascertain that each offeror has submitted the information required in the format specified and that the offeror has not omitted or failed to address specified areas or submit essential requirements.

(4) Another form of screening is to cross check major features in the technical proposal with related items in the cost proposal and management proposal. When significant deficiencies are uncovered in the technical proposal, inadequacies in the cost, management, and other proposal components may be revealed. This crosscheck and interchange between SSEB committees is

part of the initial validation exercise and should be continued throughout the evaluation process to assure that interrelationships are promptly identified and reflected in the SSEB findings.

g. Deficiency Reporting:

(1) During the initial evaluation of proposals, the SSEB should record the deficiencies found in each offeror's proposal as well as providing the narrative analysis. It is important that deficiency reports be prepared at the time the deficiency is discovered. Late preparation often results in poorly substantiated reports. It is important that the evaluator document the effect of the uncorrected deficiency. Deficiency reports will be provided to the Contracting Officer who will give the offerors the opportunity to revise their proposals. Deficiency reports should not be sent, nor discussions begun with any offeror, before the initial competitive range determination.

(2) For the purposes of source selection actions a deficiency is defined as any part of an offeror's proposal which, when compared to the pertinent standard, fails to meet the Government's requirements established in the RFP.

(3) It is stressed that identified deficiencies shall be derived from the evaluation of each offeror's proposal against the evaluation standard (i.e., the Government's requirements). Deficiencies shall not be derived from a comparative evaluation of the relative advantages and disadvantages of competing offerors' proposals.

(4) Due to the number and variety of deficiencies that are likely to be encountered while reviewing proposals in the typical source selection, an orderly method for their identification, description, and reporting to the Contracting Officer should be developed.

(5) The impact of outstanding items and deficiencies identified during the source selection process may not be fully conveyed by a numerical system or narrative analysis. It may be appropriate to supplement the numerical scoring system or narrative analysis with a flag system, in which a red flag is synonymous with a major deficiency and a green flag is synonymous with an outstanding item, and is especially useful for briefing purposes. It should be noted that these outstanding items (green flags) and major deficiencies (red flags) may not affect each other; but should be judged separately as to the

advantage or disadvantage to the Government.

(6) At the conclusion of each proposal evaluation and any subsequent reevaluation the Contracting Officer must give the deficiency reports to respective offerors in standardized text and format, permit oral/written discussion, and set a common date for the submission of revised/clarified proposals.

(7) Deficiency reports may serve as a guide for debriefing unsuccessful offerors after contract award, when and if requested.

h. Clarification Requests: Evaluators must identify those aspects of the proposal which require clarification. Minor irregularities, informalities, or apparent clerical mistakes in the proposals are matters that are subject to clarification. Examples include: a mistake in a calculation or measurement; a minor misconception of what is needed; a proposed approach or solution that is not documented; and contradictory statements. Clarification requests must specifically identify the aspect of the offeror's proposal for which clarification is required. Clarification requests will be sent to the Contracting Officer who will in turn submit them to the offerors.

i. Rating:

(1) Examining each proposal in detail to evaluate the predetermined areas, elements, and factors (as contained in SECTION M) against the established standards and assigning a rate supported by a narrative are at the core of the evaluation process. The effectiveness of prior planning and preparation becomes apparent at this critical stage of the source selection.

(2) Two (2) principal methods of rating evaluation factors are use of numbers or adjectives. The former method involves assigning numerical values to each factor. The latter method uses adjectives such as "outstanding," "excellent," "satisfactory," and "unacceptable" to provide a means of comparison. The numerical method is simpler to use and provides a comparison vehicle that is easy to understand. Also, a numerical score is easy to weight or adjust when one evaluation factor has more relative importance than another factor. Numerical scores must have clearly defined criteria that delineate the assigned score. Examples of a numerical scoring system and its criteria are shown at the end of Part IV.

(3) Numerical scores will not be used exclusively but shall be supplemented with narrative descriptions. Narrative descriptions are useful for tie-breakers and debriefings.

(4) While indefinite variations are possible, there are advantages to using a standard method when the nature of the evaluation permits. However, certain cautions must be observed with respect to all numerical and adjectival rating systems:

(a) They are only as good as the judgments made in selecting factors and subfactors and their weighted importance.

(b) When the number of factors and subfactors to be rated is not kept to a necessary minimum, there tends to be an "averaging out" effect among all proposals, thus making it difficult to differentiate important areas of evaluation.

(5) Because numerical scores or other types of grading may not convey fully the individual evaluator's judgment of some aspects of the proposal, each evaluator must supplement scores with a concise narrative evaluation. The narrative serves the following additional purposes:

(a) It records what the proposal offered and how it met the established criteria.

(b) It summarizes the significant advantages and disadvantages of what the offeror has proposed and explains the benefits and risks to the Government.

(c) In instances where the offeror has failed to meet a critical requirement, the evaluator gives a professional judgment as to what should be done to remedy the deficiency and what the impact of the deficiency (corrected or uncorrected) is on the overall proposal.

(d) It provides the backup for minority reports.

(6) It is recommended the following scoring methodology be used:

(a) Each evaluator makes an independent evaluation and assigns a numeric score based on the narrative description of its advantages, disadvantages, and deficiencies.

(b) Upon completion of individual evaluations, the evaluators meet in committee with the committee chairman, attempt to reach a consensus, and arrive at a single numeric score.

(c) The committee chairman will correlate the single numeric score to a narrative rating supported by a compilation of the individual evaluators' narratives of the proposal's advantages, disadvantages, and deficiencies.

(d) The committee chairman then uses this information when meeting with the other committee chairmen and the SSEB Chairman.

j. Determination of Competitive Range:

(1) Written or oral discussions must be conducted with all offerors who submit proposals within the competitive range unless award is to be made to the lowest responsible offeror without discussion. The determination as to which proposals are not in the competitive range and the exclusion of offerors, either before or as a result of written or oral discussions, will be made by the Contracting Officer, subject to the approval of the SSA.

(2) The competitive range must be determined after all proposals received have been evaluated on the basis of the evaluation criteria cited in the RFP. The competitive range must include all proposals which have a reasonable chance of being selected. The objective is not to eliminate proposals from the competitive range, but to facilitate competition by conducting written and oral discussions with all offerors who have a reasonable chance of being selected for an award.

(3) A proposal may be considered outside the competitive range if:

(a) It does not reasonably address the essential requirements of the solicitation.

(b) A substantial technical drawback is apparent in the proposal and sufficient correction or improvement to consider the proposal further would require virtually an entirely new technical proposal.

(c) The proposal contains major technical or business deficiencies or omissions or out-of-

line costs, which initial or continuing discussions with the offeror could not reasonably be expected to cure. Before elimination of an offeror from the competitive range based on unrealistic costs or prices, it will be necessary, to the extent possible without discussions with the offeror, to determine the reason for the out-of-line costs or prices.

(4) Where there is doubt as to whether a proposal is or is not within the competitive range, that doubt must be resolved by considering the proposal as being within the competitive range. The determination of competitive range is based on informed judgment and is complex in nature. All such decisions must be completely and adequately documented for the record.

(5) The initial number of proposals considered within the competitive range may be reduced when, as a result of the written or oral discussions, any proposal has been determined no longer to have a reasonable chance of being selected for award. It is possible to have more than one competitive range determination.

k. Conducting Written or Oral Discussions :

(1) Discussions with the offerors for the purpose of obtaining clarifications and correcting deficiencies in their proposals are conducted by the Contracting Officer. The Contracting Officer is assisted by technical, pricing, and legal advisors as required. The Contracting Officer is the only point of contact between the Government and the offeror submitting a proposal. When holding discussions, the Contracting Officer must negotiate with all offerors determined to be within the competitive range. Since any of the offerors in the competitive range could potentially receive award of the contract, the negotiations must be thorough and complete enough to lead to a definitive contract.

(2) All offerors determined to be in the competitive range and selected to participate in oral and written discussions must be advised of any deficiencies in their proposals and offered a reasonable opportunity to correct or resolve the deficiencies. Offerors must be advised to submit such cost or price, technical or other proposal revisions as may result from the discussions. Discussions with each offeror in the competitive range must be confined exclusively to the offeror's proposal and items identified for negotiation relative to the RFP requirements. Discussions must be conducted in a way that scrupulously avoids disclosure of the relative advantages or

disadvantages of competing offers or technical information, ideas or cost data from any other offeror's proposal.

(3) The purpose of discussions with the offerors is to obtain enough information to fill in the gaps and remedy errors to make an otherwise promising proposal acceptable, not to rearrange the technical order of merit or relative standing among competing offerors. It is necessary to:

(a) Point out the unclear or deficient areas rather than to suggest right answers.

(b) Not reveal the contents, proprietary, or otherwise, of another competitor's proposal.

(c) Assure that any new information imparted to one offeror is made available to all offerors.

(d) Not engage in technical leveling, technical transference or auction techniques as described in FAR 15.610(d).

(4) The negotiation process envisions a meaningful exchange of information with a new evaluation of the revised proposals, not a mere identification of deficiencies with an accompanying request for a Best and Final Offer. Negotiations must be complete with major deficiencies resolved prior to requesting Best and Final Offer.

l. Best and Final Offers (BAFO) :

(1) At the conclusion of negotiations, all offerors remaining in the competitive range shall be provided a final opportunity to submit revisions which must be received by a common cutoff date and time.

(2) All the offerors still within the competitive range shall be specifically advised in writing that:

(a) Discussions have been concluded.

(b) BAFOs are being called for, not merely confirmation of proposals.

(c) The cutoff date and time for receipt of BAFOs has been established.

(3) To facilitate the evaluation of BAFOs, offerors shall be requested to clearly identify any changes from the earlier proposal included in a BAFO.

(4) Any revision to a proposal received after the established final common cutoff date is to be handled as "late" in accordance with FAR 15.412.

(5) After receipt of the BAFO, the Contracting Officer should not reopen discussions unless it is clearly in the Government's interest to do so and follows current guidance (see DFARS 15.611). If discussions are reopened, the Contracting Officer shall issue an additional request for BAFO to all offerors still within the competitive range.

m. Reevaluation/Final Evaluation by the SSEB:

(1) When the modifications to proposals addressing clarifications and deficiencies are provided to the SSEB, the proposals require reevaluation and re scoring. New scores are then computed and the relative standing of the competitors is determined again.

(2) The before and after scores and the reasons for differences require careful analysis and documentation by the SSEB. A summary of the differences should be prepared in both graphic and non-graphic forms.

(3) In the case where the revised proposal fails to remedy a substantial deficiency in what was otherwise a marginal proposal, the Contracting Officer may have sufficient evidence to determine it technically unacceptable. If the SSA concurs in this conclusion, the Contracting Officer shall document the decision.

n. Documenting the Evaluation:

(1) Written records and notes of the committee members become the foundation of the documentation process. In order to provide a systematic method of documentation, a workbook or worksheets should be produced that will list all the factors and sub-factors relative to the evaluation. These workbooks/worksheets should be formatted as specific questions or statements that will indicate to the evaluator what factors are to be addressed in the evaluation. These workbooks/worksheets will also include space for the evaluator to make any notes or comments regarding the proposal's advantages, disadvantages and deficiencies. After the committee discusses the proposals and establishes final scores for the various factors, the committee chairmen will, based on the committee's input, prepare the documentation required to

support the final conclusion of the committee.

(2) The Chairman of the SSEB has the responsibility for developing the documentation supporting the SSEB's findings and the listing of items that the Contracting Officer will use in negotiations. The Chairman of the SSEB is also responsible for preparing the SSEB final report and the briefing to the SSA.

(3) Upon completion of the selection process, all documentation is turned over to the Contracting Officer to be retained for the life of the contract.

21. SSEB Report:

a. After completion of the evaluation phase, the Board will prepare a report of its findings and conclusions, outlining the findings of the Board and its composite scorings. All members of the Board shall sign the report. If any member of the Board has serious reservations about any part of a proposal, an attempt should be made to remove such reservations. If the differences are not reconciled, and considered critical to the evaluation effort, the dissenting opinion in the form of a minority report should be forwarded with the Board's findings. The SSEB report must contain the following:

- (1) A table of contents
- (2) A brief description of the services to be contracted
- (3) A listing of the name, functional title, and assignment of all members of the Board, and any other persons who took part in the Board's activities
- (4) A chronology of the major events connected with the source selection evaluation process
- (5) An alphabetical listing of the offerors who submitted proposals
- (6) A brief description of the methodology used by the Board to evaluate proposals. A copy of the Source Selection Plan can be included as an annex
- (7) The reasons for the elimination of any proposals before the evaluation process, such as late submission or failure to meet RFP requirements

(8) The rationale used to determine the competitive range, and the basis for elimination of any proposals at this breakpoint

(9) The method used to verify the experience and performance record of offerors in the competitive range and results of verification, including comments on major contracts performed

(10) For each proposal (identify if offerors may or may not be needed):

(a) How each offeror in the competitive range proposed to meet each factor in order to present an overview and understanding of each offeror's approach.

(b) The Board's composite scoring of proposals with cost considerations and a summary of significant differences among proposals. Advantages, disadvantages, and deficiencies of each proposal in the competitive range and the potential for correction of deficiencies will also be discussed.

(c) For a cost type contract, the estimated cost of each proposal with comments on realism, probable cost to the Government, and probable cost differences with causes and reasons.

(d) Information on offeror's financial capability to perform under the proposed contract.

(e) Comments on offeror's Equal Employment Opportunity, Small Business, and Small Disadvantaged Business Programs, as applicable.

(f) Any special areas of concern that should be brought to the attention of the SSA in arriving at his decision.

b. In preparing the report, it must be kept in mind that the SSEB is a fact-finding body. No attempt should be made to compare offeror's proposals with each other, but rather each proposal shall be evaluated against the Government's requirements as stated in the RFP.

## 22. Briefing the SSA:

a. Following the completion of SSEB Report, the SSEB findings will be briefed to the SSA. This is an important part of the source selection process for it is at this

point that evaluation and selection merge. The briefing is a summary of a vast array of facts and judgments that have been accumulated during proposal evaluation and analysis.

It is important for the briefing officer to define the substantive issues with clarity and candor. Preparation for the decision briefing should begin as early as practical.

b. The length of the briefing will vary with the complexity of the acquisition, as well as the number and difficulty of the issues involved. The length of the briefing should be sufficient to permit a presentation of the essential facts and the significant issues. Time should be allocated for the questions or inquiries of the SSA. The SSA briefing should cover:

(1) A short description of the services being acquired, and the projected cost (i.e., IGE) of the acquisition

(2) Technical and acquisition objectives of the contract to be awarded

(3) Criteria for contractor selection

(4) Offerors considered. It is strongly recommended that the offerors be identified by symbols in lieu of company names to facilitate impartiality

(5) Proposal evaluation methodology

(6) The advantages, disadvantages and deficiencies of each proposal in the final competitive range

c. The briefing officer is usually the chairman of the SSEB. While the briefing team should be kept as small as possible, it may include the key members of the SSEB. Although elaborate or costly displays are not necessary, the use of slides, viewgraphs, and charts for illustration may save time.

## 23. The Source Selection Decision:

a. The source selection decision shall not be made on the basis of scores alone. The decision shall be made on the basis of an assessment of the evaluation results as a whole, keeping in mind the best interest of the Government and the terms of the solicitation. Judgment, not numbers, is the basis for the source selection decision. The role and importance of cost or price of the basic contract and evaluated priced options (i.e., basis of award) may take one

of the following two forms (as stated in the solicitation):

(1) Lowest priced acceptable offer, as evaluated with the addition or subtraction of applicable evaluation factors.

(2) An acceptable offer, the price or cost of which is not the lowest, but which is sufficiently more advantageous than the lowest offer so as to justify the payment of additional amounts

b. As a general rule, the basis for award for installation support services shall be the acceptable offer having the evaluated lowest price (in the case of a fixed price offer) or the lowest most probable cost (in the case of a cost-reimbursement offer). Intention to award on the basis of other than the lowest acceptable price or most probable cost must be thoroughly and convincingly documented in the acquisition plan and spelled out in the solicitation.

c. The basis of award must be exactly that set forth in the solicitation.

d. The SSA's final decision must be prudent, rational, reflective of good business judgment, in the best interests of the Government, and properly documented.

24. Preparation of Source Selection Decision Statement:

a. After the selection decision has been made, the SSA will prepare the Source Selection Decision statement. The selection statement shall not contain specific weights or scores. It should be concise and include the following:

(1) Brief description of the procurement

(2) Names of organizations submitting proposals

(3) Competitive ranking of the offerors

(4) A summation of the advantages, disadvantages, risks, and benefits of each proposal and offeror

(5) Selection decision and rationale (i.e., reasons why the selected offeror provides the best value to the Government) (NOTE: Care must be taken in drafting the source selection decision briefing and will require legal participation.)

b. The SSA will sign and date the selection statement. The original will be presented to the Contracting Officer and a copy placed in the SSEB files.

25. Debriefing of Unsuccessful Offerors:

a. When source selection procedures are used, unsuccessful offerors, upon written request, shall be debriefed. The debriefing team may consist of the Contracting Officer, Chairman of the SSEB, the Legal Advisor and, if necessary, the chairmen of the various committees, as determined by the Contracting Officer. Debriefing should be confined to the areas in which the

offeror did well where he could have improved his proposal, and must not reveal confidential business information nor discuss the relative merits of other proposals. Debriefings shall be provided at the earliest feasible time after the award of the contract. In the case of a Commercial Activities Program cost comparison solicitation, debriefings will be provided after the public announcement has been made of award of a conditional contract or an in-house decision.

b. The purpose of the debriefing is to enable an offeror to understand why his proposal was not selected, with the objective of improving future proposals submitted to the Government. Therefore, no comparisons will be made to other offerors' proposals and the specific weights and scoring should not be revealed or discussed. The debriefing shall cover the following areas:

(1) Overview of SSEB process

(2) Identification of advantages, disadvantages, and deficiencies in offeror's proposal

(3) Questions by offeror

c. Debriefings shall be held with only one offeror at a time. It should be a written narrative (checked by legal advisor) and that questions and answers be recorded to ensure a complete record is maintained.

d. A Memorandum for Record of the debriefing with each unsuccessful offeror shall be prepared by the Contracting Officer. It shall list all attendees, what transpired and what questions were raised by the offeror.

#### 26. Lessons Learned Report:

a. The Lessons Learned Report is the final action in the selection process. Generally, the SSEB Chairman, Committee chairmen and Contracting and Legal Advisors will prepare this report.

b. The Lessons Learned Report will be a concise, informative document which provides general conclusions drawn and outcomes learned from the source selection experience. The overall benefits derived from a report to the Army will be twofold:

(1) Enhancement of the quality and professionalism of future formal source selection efforts

(2) Making the selection process easier by sharing previous SSEB's experience

c. The Lessons Learned Report will not contain procurement sensitive or proprietary information. It should contain anything that would make the selection process easier. The report will ordinarily include comments regarding the following areas:

(1) Proposal evaluation do's and don'ts

(2) General effectiveness of scoring and rating techniques used

(3) Major difficulties encountered and what might have been done to preclude them

(4) Administrative difficulties encountered

(5) Preproposal conference tips

(6) Impacts from minority groups

(7) Post award debriefing tips

d. The Lessons Learned Report must be completed and signed by the SSEB Chairman before the SSEB is disbanded.

e. The completed report will be provided to the Contracting Officer for submittal to the HCA for appropriate dissemination, to include furnishing a copy to:

Headquarters, Department of the Army  
Office of the Assistant Secretary of the Army  
(Research, Development and Acquisition)  
ATTN: SARD-PP  
The Pentagon, Room 2E661  
Washington, D.C. 20310-0103



**SOURCE SELECTION  
INSTALLATION CONTRACTING  
SAMPLES**

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**SUBJECT: Appointment - Source Selection Authority (SSA)**

1. Pursuant to the provisions outlined in the Federal Acquisition Regulation, you have been selected and hereby designated the Source Selection Authority (SSA) for Request for Proposals (RFP) (PIIN) \_\_\_\_\_ for (Subject) \_\_\_\_\_ at (Location) \_\_\_\_\_.
2. A copy of the milestone schedule is attached. Based on the evaluation of offers by the Source Selection Board, you will make the decision as to which offeror is the most advantageous to the Government.
3. Upon receipt of this letter, you will not discuss or disclose your appointment, or any information regarding the proceedings of the board to anyone not having a bona fide need to know.
4. Duties in conjunction with subject appointment take precedence over all other duties.

**SUBJECT: Appointment - Chairman, Source Selection Advisory Council (SSAC)**

1. Pursuant to the provisions outlined in the Federal Acquisition Regulation, you are hereby designated the Chairman of the Source Selection Advisory Council for Request for Proposals (RFP) (PIIN) \_\_\_\_\_ for (Subject) \_\_\_\_\_ at (Location) \_\_\_\_\_.
2. The SSAC will analyze the SSEB evaluation results and provide recommendations to the Source Selection Authority (SSA). A copy of the milestone schedule is attached.
3. The undersigned has been designated as the SSA. (Name) \_\_\_\_\_ has been designated as the Chairman of the SSEB.
4. Upon receipt of this letter, you will not discuss or disclose your appointment, or any information regarding the proceedings of this board to anyone not having a bona fide need to know.
5. Duties in conjunction with subject Appointment take precedence over all other duties.

**SUBJECT: Appointment - Member, Source Selection Advisory Council (SSAC)**

1. Pursuant to the provisions outlined in the Federal Acquisition Regulation, you are hereby designated a member of the Source Selection Advisory Council for Request for Proposal (RFP) (PIIN) \_\_\_\_\_ for (Subject) \_\_\_\_\_ at (Location) \_\_\_\_\_.
2. A copy of the milestone schedule is attached. (Name) \_\_\_\_\_ has been designated as the Chairman of the SSAC.
3. Upon receipt of this letter, you will not discuss or disclose your appointment, or any information regarding the proceedings of this council to anyone not having a bona fide need to know.
4. Duties in conjunction with subject appointment take precedence over all other duties.

**SUBJECT: Appointment - Chairman, Source Selection Evaluation Board (SSEB)**

1. Pursuant to the provisions outlined in the Federal Acquisition Regulation, you are hereby designated the Chairman of the Source Selection Evaluation Board for Request for Proposals (RFP) (PIIN) \_\_\_\_\_ for (Subject) \_\_\_\_\_ at (Location) \_\_\_\_\_. As the Chairman, you will be responsible to the Source Selection Authority (SSA) in the evaluation of all proposals received from industry, to determine which proposals are responsive to the solicitation and should be considered for negotiations by the contracting officer.
2. A copy of the milestone schedule is attached. The Undersigned has been designated as the Source Selection Authority (SSA).
3. Upon receipt of this letter, you will not discuss or disclose your appointment, or any information regarding the proceedings of this board to anyone not having a bona fide need to know.
4. Duties in conjunction with subject appointment take precedence over all other duties.

**SUBJECT: Source Selection Evaluation Board (SSEB)**

**FINANCIAL INTEREST CERTIFICATE**

(Name) \_\_\_\_\_, Chairman, Technical Committee

(Name) \_\_\_\_\_, Member, Technical Committee

(Name) \_\_\_\_\_, Member, Technical Committee

1. References:

a. Request for Proposals (RFP) (PIIN) \_\_\_\_\_.

b. Source Selection Plan dated (Date) \_\_\_\_\_.

2. Pursuant to the provisions outlined in the Federal Acquisition Regulation, you have been selected and hereby designated to serve on the Technical Committee of the Source Selection Evaluation Board for (Subject) \_\_\_\_\_ at (Location) \_\_\_\_\_. The Committee Chairman will be responsible to the SSEB Chairman for the evaluation of your particular area in all proposals received from industry in response to reference a.

3. Your presence will be required on (Date) \_\_\_\_\_ at 0800 hours in Building (Number) \_\_\_\_\_, Fort (Name) \_\_\_\_\_. The SSEB will be in continuous session from (Date) \_\_\_\_\_ through (Date) \_\_\_\_\_. The first two days will be devoted to evaluator training.

4. (Name) \_\_\_\_\_, telephone: (Number) \_\_\_\_\_, is the Administrative Assistant for the SSEB and is the point of contact and office of record for all actions.

5. Upon receipt of this letter, you will not discuss or disclose your appointment, or any information regarding the proceedings of this board to anyone not having a bona fide need to know.

4. Duties in conjunction with subject appointment take precedence over all other duties.

TO: (In most cases Chairman of the SSEB) \_\_\_\_\_

NAME: \_\_\_\_\_ SSN: \_\_\_\_\_

Date of Appointment: \_\_\_\_\_

Appointed By: \_\_\_\_\_

I have read and understand the requirements of Army Regulation 600-50, Standards of Conduct for Department of the Army Personnel.

To the best of my knowledge, neither I nor any member of my family has a direct or indirect interest in any of the firms submitting proposals for consideration of the Source Selection Evaluation Board (SSEB), for Request for Proposal (RFP) (PIIN) \_\_\_\_\_ for (Subject) \_\_\_\_\_ at (Location) \_\_\_\_\_ which conflicts substantially, or appears to conflict substantially, with my duties as a member thereof.

In the event that I later become aware of such financial interest, I will report this fact to the Chairman of the Board and abide by any instructions which he may give me in this matter.

NOTE: In addition, SSA, SSEB, and SSAC members must complete financial interest certificates and have them on file with the members of the Board.

\_\_\_\_\_  
SIGNATURE

**SAMPLE SOURCE SELECTION EVALUATION  
BOARD, CERTIFICATE OF NON-  
DISCLOSURE**

**CERTIFICATE OF NON-DISCLOSURE**

I have read and understand the requirements of:

Army Regulation 340-17, Safeguarding for Official  
Use Only Information

Army Regulation 380-5, Department of the Army  
Information Security Program

I understand my obligation not to divulge information  
received in confidence from contractors in connection with  
bids and proposals, trade secrets, inventions, discoveries,  
and reports of financial, technical, and scientific nature.

I further understand my responsibility not to disclose the  
methods or procedures being used by the Board to evaluate  
offeror's proposals.

I will not reveal the standards, ratings, or scores used by  
this Board in the evaluation process unless authorized to do  
so by the Contracting Officer.

I will not discuss the proceedings of the SSEB outside of  
the evaluation site nor will I reveal the names of any  
members of the SSEB to ANYONE.

\_\_\_\_\_  
(SIGNATURE)

\_\_\_\_\_  
(PERMANENT DUTY STATION)

\_\_\_\_\_  
(DATE)

**SAMPLE KNOWLEDGE CERTIFICATE**

1. I certify that I have read and understand the  
requirements of Department of Defense Directive 4105.62  
(Selection of Contractual Sources for Major Defense  
Systems), Federal Acquisition Regulation (FAR) Subpart  
15.6 (Source Selection), Acquisition Letter 85-43, and  
(Local directives and SOPs)\_\_\_\_\_.

2. I certify that I have read and understand the fol lowing  
documents or cited portions of the following documents  
that apply to my role in the source selection of (insert  
description of acquisition):

a. Statement of Work

\_\_\_\_\_  
paragraphs

b. Source Selection Plan

c. Solicitation No.

d. The following documents furnished by the SSA,  
SSAC, and SSEB.

i.

ii.

iii.

etc.

Signature \_\_\_\_\_

**SAMPLE INDIVIDUAL CERTIFICATE  
FOR SOURCE SELECTION  
EVALUATION BOARD PARTICIPANT**

Printed \_\_\_\_\_

Name

RFP/RFQ No. \_\_\_\_\_

Source \_\_\_\_\_

Selection \_\_\_\_\_

Role

In the Source Evaluation Board proceedings for the procurement of \_\_\_\_\_

Home \_\_\_\_\_

Station \_\_\_\_\_

Date \_\_\_\_\_

\_\_\_\_\_, I, the undersigned, understand that (1) under Army Regulations, personnel who participate in any way in evaluation proceedings are prohibited from revealing any information concerning the evaluation underway to anyone who is not also participating in the same proceedings, and that disclosure to another participant is permitted only to the extent that such information is required in connection with such proceedings; and (2) that 18 U.S.C. 1905 prohibits any officer or employee of the United States from disclosing or divulging, in any manner, or to any extent not authorized, certain kinds of confidential information that concerns or relates to trade secrets, processes, confidential statistical data, or similar business information.

I have read and understand all pertinent source selection evaluation board procedures and the regulations pertaining to the "Standards of Conduct for Army Employees." I certify and agree that (1) I have duly filed (or will so file prior to participating in the subject proceedings) a confidential Statement of Employment and Financial Interest in accordance with the requirements of that regulation; and (2) if I have since acquired, or should discover I have a direct or indirect financial interest in an organization submitted (or requested to submit) a proposal to be evaluated by the Board or committee on which I am serving, (or am scheduled to serve) or in a proposed subcontractor identifiable in a proposal or in evaluation discussions, I shall promptly report the nature of my interest, through my Board or Committee Chairman, to the person who appointed me to the Board or Committee; and I understand that my participation in the proceedings is prohibited if I have a financial interest in such an offeror, organization or subcontractor.

I recognize that a reportable interest includes any which I, my spouse, minor child, partner, or an organization with which I am already connected in any of various ways or with which I am negotiating concerning prospective

employment, may have or has in any such offeror, organization, or proposed subcontractor. Also, I realize that any breach by me of my obligation to safeguard and not to make unauthorized disclosure of information concerning the subject evaluation may result in appropriate disciplinary, administrative, or other action as provided by regulation of law.

Such direct or indirect financial interest includes:

a. Any financial interest such as direct or trust interest in stocks, bonds, and other rights, and/or continued participation in employee benefit or welfare plans with profit sharing or stock bonus provisions which arose out of former employment; or

b. Any current service as an officer, director, trustee, partner or employee, or any current negotiations for employment or any arrangements concerning prospective employment; or

c. No close family relationship to any official of a firm that submitted a proposal; or

d. Any other interest or connection which might create the appearance of employee use of public office for private gain, or the giving of preferential treatment to any organization or person; or which might tend to subject the army to criticism on the grounds that an employee interests or connection could impair the objectivity of the participating Board or Committee member.

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(Signature)

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(Date)

### SAMPLE PROFESSIONAL QUALIFICATION SUMMARY

NAME \_\_\_\_\_ Grade Series/or Rank/MOS \_\_\_\_\_  
Last First Initial

HOME \_\_\_\_\_ STATION \_\_\_\_\_

Organization City & State

POSITION AT HOME STATION

EDUCATION (Degrees held, show major)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

PREVIOUS EVALUATION EXPERIENCE (Identify boards, teams, ad hoc groups, etc., and positions held)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

SOURCE SELECTION EVALUATION BOARD ASSIGNMENT (Area & Job Title)

\_\_\_\_\_  
\_\_\_\_\_

YEAR OF EXPERIENCE

Civilian (Industry) \_\_\_\_\_  
Civil Service \_\_\_\_\_  
Military \_\_\_\_\_

EXPERTISE (i.e., Military MOS, Cost Analyst, Hydraulics, Weight & Balance)

\_\_\_\_\_  
\_\_\_\_\_



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AWARDS (Honors, Accomplishments, Etc.)

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## TRAINING

1. There is no formula for the content and duration of source selection training. It must be determined by the collective judgment of players such as the SSA, SSEB chairman, and Contracting Officer plus the advice of legal counsel. The training should be completed prior to receipt of the proposals.
2. All members of the SSEB, SSAC and the SSA must be thoroughly briefed on the necessity for confidentiality. The Contracting Officer should explain how the entire acquisition process works so that everyone understands how their participation contributes to the final result.
3. This training should be scheduled to allow sufficient time for all members of the SSEB, SSAC, and the SSA to thoroughly read and understand the solicitation.
4. Evaluators should have an opportunity to practice evaluating using a sample proposal. The evaluators must learn how to write the narrative evaluation clearly and factually in enough detail so that the reader has a clear picture of how the offeror meets the requirements set forth in the solicitation. Strengths and weaknesses must be specifically mentioned in the narrative evaluation. In order to provide meaningful comments, specific details must be included. It is critical that the evaluators understand the importance of the narrative evaluation since it will be used by the Contracting Officer in negotiations with the contractors, used by the SSA in selecting the best offer, and used by the Contracting Officer to debrief unsuccessful offerors after award of the contract. If numerical scores are to be used in addition to the narrative evaluation, the evaluators need to understand how the scoring system as a whole will work. The evaluators can practice using a sample proposal to obtain consistency in scoring. During training, the evaluators should use the same forms that they will utilize during the evaluation process.
5. Utilize individuals that have served on previous SSEBs on the installation and on other installations to assist in the training of inexperienced evaluators.

## SUGGESTED FACILITIES, EQUIPMENT, SUPPLIES, AND SERVICES

### 1. Facilities:

a. The number of people, full time or part time, required for a source selection will have an impact on the facilities required for a SSEB. The space for reproduction, computer, visual aids, and other equipment must be considered while planning for facilities.

b. Once the space requirements are estimated, suitable space must be obtained. Although the most logical evaluation site is the installation, it may not be possible. Other local Government-owned or leased installations and local commercial structures may be a source of the necessary facilities. A note of caution is that security of source selection sensitive information must be assured at any source selection site. This can create a problem at facilities readily available to access by the general public, such as General Services Administration (GSA) or commercial structures. It may be necessary to post military, Government, or approved commercial security personnel on a 24-hour basis at the source selection site, regardless of location.

2. Equipment: Equipment not in place or readily available at or near the evaluation site may not be available as needed for evaluation purposes. An example is computer support. Acquisition lead time may not permit computer support purchases in a timely manner. There may be local Management Information Systems (MIS) hardware and software available from the MIS Directorate, Comptroller, etc. For reasons of security, reproduction capability should be provided by equipment installed at the evaluation site.

3. Local Transportation: Local transportation for TDY personnel may be privately-owned vehicles (POVs), Government-owned vehicles, and rental vehicles. Maximum use should be made of Government-owned vehicles including GSA. If vehicles must be rented, consideration should be given to weekly, monthly, and long-term rentals if the timeframe and vehicle demands of the evaluation justify such actions. It may be more economical to let a vehicle sit over a weekend on a long-term rental agreement rather than to permit weekly rental. In fact, many source selections involve Saturday and sometimes Sunday work.

## **SUGGESTED BUDGETING CONSIDERATIONS**

In preparing an estimate of funding requirements, the following should be considered:

Salaries and overtime (Include out of town and local Commands).

Employee recognition and monetary awards.

TDY (Travel, per diem, rental cars, in and around mileage, and round trips to home stations). Tax exemption if applicable for rooms.

Local travel (see paragraph C2153 of JTR).

Rental equipment (must determine most economical piece of equipment to meet the needs of the SSEB. Rent? Lease? Purchase?)

Equipment required (word processors/calculators/typewriters/copiers/graphics/computers/datafax/audio visual/vending machine).

The copier repairman to service machines after normal duty hours/cost to move Government-owned equipment to SSEB location.

Office supplies (all supplies are to be obtained through the Army supply system). Order forms, regulations, letterhead stationery.

Communications (cost to install telephones and/or telephone hookups for any needed computer equipment/Toll/FTS/WATS/AUTOVON charges, etc.).

Determine if payment will be required for rent/janitorial service/light/heat/water, etc.

Cost to ship needed documents to other locations via overnight or next day shipping.

Security requirements including badges.

Determine if the facility requires any remodeling.

Word processing area set up.

Typist/Word Processor training.

## **SUGGESTED PERSONNEL IN-PROCESSING**

1. The Administrative Officer is responsible for all in-processing procedures.
2. Immediately upon arrival, incoming personnel assigned to the SSEB will report to Building \_\_\_\_ and:
  - a. Submit two copies of their travel orders (if applicable) and one copy of their security clearance.
  - b. Sign Financial Statement, Non-Disclosure Statement, and Rules of Conduct.
  - c. Obtain their SSEB Security Badge.
3. The following are to be submitted within three working days after arrival:
  - a. Emergency Data Form
  - b. Vehicle Registration Form (out-of-town personnel only)
  - c. Professional Qualification Summary Form.

## **PARKING GUIDELINES**

1. The purpose of this procedure is to provide guidance for the parking of privately owned conveyances of personnel assigned to and/or on official business with the Source Selection Evaluation Board (SSEB) at Building \_\_\_\_, Fort \_\_\_\_\_. It is applicable to all SSEB personnel and advisors.
2. The Administrative Officer has the responsibility to ensure compliance with parking procedures as set forth herein and in accordance with guidelines as set forth by the installation.
  - a. No parking will be permitted within 20 feet of any building, except in special and/or designated parking spaces. Further exceptions are authorized for service and transport vehicles when loading or unloading or when such parking does not constitute a hazard and the driver remains in the vicinity of the parked vehicle.
  - b. Parking is also restricted in areas designated "NO PARKING" and/or in front of the doors marked "FIRE SPRINKLER CONTROL" AND "FIRE DOOR."

- c. No parking will be permitted in any direction within 15 feet of a fire hydrant.
- d. No parking will be permitted on the grass.

## **GUIDELINES FOR USE OF TELEPHONES**

1. The purpose of this procedure is to provide guidance for telephone usage and procedures that will be utilized within Building \_\_\_\_, Fort \_\_\_\_\_. It is applicable to all Source Selection Evaluation Board (SSEB) personnel and advisors.
2. No SSEB information will not accept or place telephone calls to offerors. These type calls will be handled only by the Contracting Officer (KO).
4. Incoming calls are highly discouraged within the confines of Building \_\_\_\_\_. Because of the nature of the material being used, discussions of sensitive information could occur if numerous telephone calls are made and received by the evaluators.
5. To dial local numbers with the following prefixes \_\_\_\_\_, dial \_\_\_\_\_.  
  
DIAL \_\_\_\_\_ for Operator Assistance  
  
DIAL \_\_\_\_\_ for AUTOVON Assistance  
  
DIAL \_\_\_\_\_ for WATS and FTS lines  
  
DIAL \_\_\_\_\_ Digit Extension for numbers at this installation
6. All incoming and outgoing FTS, WATS, Commercial and AUTOVON calls in Building \_\_\_\_\_, will be logged on DA Form 360, Report of Authorized Official Toll Telephone Calls.
7. The Administrative Officer has the overall responsibility for the control of telephone usage.

## **GUIDELINES FOR TIME AND ATTENDANCE REPORTING**

1. The information collected by the following method will be used to:

- a. Certify time and attendance as well as overtime to the respective installations.
- b. Accumulate costs and manhours in support of the SSEB.

2. Time and Attendance Cards :

- a. Time Cards will be annotated daily by each participant of the SSEB.
- b. Annual and sick leave will be recorded on Time Card (DA Form 4395) for all civilian personnel.
- c. The Committee Chairman will verify Time Cards.
- d. Overtime will be used only as required to meet established SSEB schedules and must be approved by the Committee Chairman.

3. Responsibilities :

a. Each employee will complete Time Cards at the end of each work day. Employee will also complete Application for Leave (SF 71) or initial time card for annual and sick leave, and give to Area Secretary. The military will use DA Form 31 when requesting leave.

b. Administrative Officer will maintain: Time Cards for all personnel.

c. An individual will be appointed to verify and sign Time Cards for each employee.

d. The Administrative Officer will take necessary action to certify Time Cards.

4. Procedures:

a. Each Committee Chairman will submit an estimate of his overtime hour requirements to the Administrative Officer for each week by COB of the last day of the preceding week.

b. Each Committee Chairman will designate a convenient location for completion of Time Cards at the end of each day.

c. Individual responsible for Time Cards will:

(1) Prepare separate Time Cards for each civilian and place them in the designated location.

(2) At the beginning of each day, check Time Cards to ensure that previous day's time and attendance was correctly recorded.

(3) Upon close of business of the last day of the pay period, turn in Time Cards to the F&AO.

(4) Call Home organization of the individuals working part time.

d. Administrative Officer will:

(1) Obtain Time Cards for personnel and distribute.

(2) Hand carry Time Cards and Approved Overtime Requests to the appropriate location within the times established.

Chairman

Source Selection Evaluation Board

## **GUIDELINES FOR CONTROL OF REPRODUCTION**

1. The purpose of this procedure is to define responsibilities for control of reproduction of documents. It is applicable to all Source Selection Evaluation Board (SSEB) personnel and advisors.

2. No part of the offerors' proposals may be reproduced without the express consent of the Chairman, Deputy Chairman, or Contracting Officer. The Administrative Officer will maintain a log of all copies of the proposals.

3. Reproduction will be kept to the minimum required for efficient operation of the Board.

4. The Administrative Officer has overall responsibility

for reproduction to include the control and operation of all reproduction equipment.

5. An individual will be designated to the reproduction machine during normal duty hours to:

a. Add or change paper when required.

b. Take corrective action in case of stop-page/malfunction of equipment.

6. All classified material requiring reproduction will be handcarried to the Administrative Officer.

### **DEPARTURE CLEARANCE PROCEDURES**

1. Purpose: The purpose of this procedure is to provide guidance for processing personnel departing the Source Selection Evaluation Board (SSEB).

2. Scope: Applicable to all (SSEB) personnel, advisors, and consultants.

#### Responsibilities:

a. Committee Chairmen, with the approval of the Chairman, SSEB, will release subordinate personnel as appropriate.

b. Individuals of the SSEB intending to depart the SSEB permanently or temporarily are responsible for providing appropriate information to Committee Chairmen and are required to accomplish actions necessary for departure clearance. All out-of-town personnel will submit two copies of their paid travel vouchers to the Administrative Officer as soon as possible upon return to home station.

3. Definitions:

a. Departure Clearance Check: A list of actions to be completed by individuals prior to departure.

b. Sensitive Material: All Unclassified, Sensitive, or For Official Use Only material (quotations, reports, correspondence, procedures, diagrams, etc.) contained in proposals or originating with the Board that has anything to do with the operation or end result of this Board.

c. Classified Material: Any documents or

working papers classified CONFIDENTIAL, SECRET, or TOP SECRET.

d. Permanent Departure: Individuals departing on a permanent basis and who will not return.

e. Temporary Departure: Individuals departing the area on a temporary basis and who will be gone more than one working day on official business but will return prior to cessation of evaluation proceedings.

5. Procedures: As individuals are released by their Committee Chairman or the SSEB Chairman (temporarily or permanently, they will sign a Debriefing Statement and complete any other required departure actions. A copy of the check list may be obtained from the Administrative Assistant.

### **SECURITY CONSIDERATIONS**

The facility in which the evaluation is conducted must be sealed off with limited entry. Only the SSEB, SSAC, SSA, Contracting Officer, Administrative Officer, and the legal advisor should have access to the facility. Under no circumstances should any contractor personnel be allowed entrance. Keys must be inventoried and controlled. All doors and windows must be securely locked.

Word processors should be operated in stand-alone mode - not networked with machines outside the facility.

Extreme care must be exercised with telephone use. No one other than the contracting officer should talk with any of the contractors. Evaluators and other personnel must exercise care to avoid discussing or even mentioning the evaluation process or its results on the phone.

### **SAMPLE PROTECTION OF PROCUREMENT SENSITIVE INFORMATION GUIDE**

See Distribution

1. Reference the attached "Procurement Sensitive Information Guide," effective \_\_\_\_\_ (Day Month Year).

2. This installation is committed to the protection of information submitted by competing contractors that is

designated as "Procurement Sensitive." It is imperative that all elements involved with this procurement are aware of, and understand, the basic procedures for handling this type information. The Procurement Sensitive Information Guide is a short summary of the basis for protecting procurement sensitive information during prototyping competition.

3. The Procurement Sensitive Information Guide follows regulatory instruction that requires protection of procurement sensitive information (see FAR 15.413). Specific information and guidance concerning Procurement Sensitive information is outlined in this guide.

4. The Government is obligated to protect procurement sensitive information from all competitors. Accordingly, each participant in this procurement is therefore reminded of that obligation.

5. Please contact the undersigned at (Telephone Number) if there are any questions or comments regarding this document.

Contracting Officer

## **PROCUREMENT SENSITIVE INFORMATION GUIDE**

Effective Date: (Day Month Year)

Issued By:

### **GENERAL INSTRUCTIONS:**

1. **Purpose:** To provide instructions and guidance for the identification marking and safeguarding of procurement sensitive information and material.

2. **Definition:** Procurement Sensitive Information is defined as the written information, visual aids and/or oral information of one contractor (or his subcontractors) who is competing in a procurement which, if disclosed to another contractor (or his subcontractors) who is also competing in the procurement, would jeopardize and/or compromise the competitive position(s) of one or more of the contractors.

3. **Applicability:** These instructions apply to all competitive support services requirements within the program.

This instruction will form the basis for handling documents, photographs, models, equipment, material, data and information. This guide applies to all Government personnel.

4. **Identification of Procurement Sensitive Information :** Normally, procurement sensitive markings will be based on information provided by the competing contractors. However, Government personnel will generate information which should be protected as "Procurement Sensitive." Examples of such information are trip reports or meeting reports prepared by Government personnel pertaining to one of the contractor's or subcontractor's plans, activities, or problems. Additional examples are cost evaluations prepared by Government personnel which may be helpful to one competitor over the other if disclosed.

5. **Control of Procurement Sensitive Information:** Information identified as Procurement Sensitive Information will be marked and controlled as follows:

a. Originators of documents will be responsible for identifying and marking such data determined to contain Procurement Sensitive Information by marking or stamping the phrase PROCUREMENT SENSITIVE in the bottom portion of each page or by marking each paragraph separately, e.g., 6. (Procurement Sensitive). Paragraph markings will take precedence over page markings when utilized. The outside of the front cover (if any), the title page (if any), each page containing Procurement Sensitive Information and the first page will be stamped or marked PROCUREMENT SENSITIVE.

b. Documents marked Procurement Sensitive will be stored in locked desks or locked file cabinets when unattended.

c. Information marked Procurement Sensitive will be destroyed as "FOR OFFICIAL USE ONLY" waste.

d. After award of contract to the successful competitor, data belonging to each unsuccessful competitor shall continue to be treated as Procurement Sensitive, and shall continue to be handled accordingly. Data from the successful competitor(s) shall be treated in accordance with the terms of the contract.

e. Nothing contained herein limits any rights the Government has pursuant to any other legends (see FAR 15.413) or by separate agreement or classification mark-

ings.

f. Disclosure of procurement sensitive information shall be limited to Government personnel who (1) have a need-to-know, and (2) have signed the Non-Disclosure Statement (see Appendix 5). The contracting office will be the office of record for Non-Disclosure Statements.

6. Transmittal of Procurement Sensitive Correspondence/Information:

a. Unclassified information marked Procurement Sensitive may be transmitted in an opaque envelope or packaging by United States Postal Service certified or first class mail; or hand carried by courier. Individuals must ensure that exposure to procurement sensitive documents by others is on a strict need-to-know basis. Care must also be taken to preclude loss.

b. No document shall be reproduced without permission of the administrative officer.

c. All correspondence shall be addressed to individuals, not organizations.

d. Correspondence shall advise the addressee that reproduction and further distribution is either controlled or prohibited, to be determined on a case-by-case basis.

e. Transmittal of procurement sensitive information by means of electrical transmission should be avoided.

f. Recipients of documents that appear to contain sensitive source selection information, but are not so protected, shall take steps to protect it from unauthorized disclosure, and shall immediately advise the document source of their concerns.

7. Public Release of Official Information:

a. Proposed public release of official information from Government sources pertaining to this procurement shall be forwarded through the Contracting Officer to the appropriate Information Officer for review and further processing.

b. Any requests by prospective contractors for release of official information shall be forwarded to the Contracting Officer for review and approval.

c. Subcontractors will submit any material prepared by them for public release through their prime contractor.

8. Responsibility: Each person having access to procurement sensitive information is individually responsible for the information consistent with the requirements of this guide. Failure to do so will make the individual subject to appropriate administrative action.

9. Previously Publicly Released Information: Any information which the contractor has previously released publicly, through such events as briefings, press releases, or advertisements, shall not be considered procurement sensitive pursuant to this guide.

**SAMPLE STANDARDS FOR BOARD MEMBERS**

1. Each individual has the responsibility to safeguard all SSEB related matters, verbal or written, and to remain above reproach in the personal and professional relationship with the Board.

2. Due to the competing offerors' interest in the deliberations of this Board, the inadvertent release of information could be a source of considerable misunderstanding and embarrassment to the Government. Therefore, the following policy items are mandatory for all SSEB personnel:

a. Do not permit members of your parent organization to divulge your membership on the Evaluation Board.

b. Under no circumstances accept any invitation from offeror personnel for participation in any affair regardless of how remote it may be from the Source Selection action.

c. Do not assume a non-participating contractor can be told anything pertaining to this Source Selection Process.

d. Do not discuss any aspect of the Source Selection with other Board members outside the area designated for deliberations.

e. Do not assume it is safe to speak of the Source Selection with any unauthorized individual even after the



announcement of the winning contractor.

g. Your normal (home station) supervisor does not have a "need-to-know" on any aspect of the Board proceedings.

3. Any SSEB member having knowledge of a compromise (actual or attempted) of sensitive information will report the compromise to the undersigned.

Chairman

Source Selection Evaluation Board

**SOURCE SELECTION**  
**MILESTONES/CHECKLISTS** (Date)

1. Office space is designated for use by the SSEB. \_\_\_\_\_

2. SSA and SSEB and SSAC (if used) are appointed in writing. \_\_\_\_\_

3. The Source Selection Plan is completed. \_\_\_\_\_

4. Evaluator training is conducted. \_\_\_\_\_

5. Proposals are received in the contracting office. \_\_\_\_\_

6. Contracting Officer retains original of each proposal and provides the remaining copies to the SSEB. \_\_\_\_\_

7. Evaluators provide SSEB chairman with written evaluation results. \_\_\_\_\_

8. Contracting Officer conducts negotiations with offerors in the competitive range. \_\_\_\_\_

9. Revised offers are received in the contracting office. \_\_\_\_\_

10. Contracting Officer retains original of each revised proposal and provides SSEB with the remaining copies. \_\_\_\_\_

11. Evaluators provide SSEB chairman with written evaluation results. \_\_\_\_\_

12. SSEB Report prepared. \_\_\_\_\_

13. Briefing the SSA. \_\_\_\_\_

14. SSA selects successful offeror based on SSEB evaluation results and the recommendations of the SSAC (if used). \_\_\_\_\_

15. Contracting Officer completes required pre-award actions (pre-award survey, EEO clearance, facility security clearance, legal review, HCA approval of proposed award, etc.) \_\_\_\_\_

16. Contract is awarded. \_\_\_\_\_

17. Contracting Officer conducts debriefings of unsuccessful offerors (if offerors desire). \_\_\_\_\_
18. Lessons Learned Signed. \_\_\_\_\_

### **SAMPLE NUMERICAL SCORING SYSTEM**

#### **SCORE      CRITERION**

- 90-100      Outstanding. To receive this rating the approach plan must satisfy to the fullest extent those characteristics required in the RFP. It presents new or proven methods and is presented in extensive detail to assure the evaluator a thorough understanding of the proposed approach. The approach has an outstanding probability of meeting requirements with limited technical risk.
- 89-89      Excellent. To receive this rating, the approach or plan must satisfy all the characteristics required in the RFP. It presents a methodology in sufficient detail to assure the evaluator a good understanding of the proposed approach. The approach has an excellent probability of meeting requirements with limited technical risk.
- 70-79      Satisfactory. To receive this rating the approach or plan must adequately meet the requirements in the RFP and is presented with at least minimal detail to assure the evaluator of an understanding of the proposed approach. The approach has a satisfactory probability of meeting requirements with limited technical risk.
- 60-69      Susceptible to Being Made Acceptable. To receive this rating the approach or plan has been presented with minor omissions or misunderstandings of the requirements in the RFP, which could be corrected or expanded without a complete revision of the proposal to assure the evaluator of an understanding of the proposed approach. There is significant risk in meeting requirements. This rating will not be used when evaluating best and final offers.

59 or Unacceptable. To receive this rating the less\* approach or plan has been presented with 69 or less\*\* inadequate detail to assure the evaluator of an understanding of the proposed approach. Proposal cannot meet requirements without major revisions.

\* on evaluations other than best and final

\*\*on evaluations of best and final

### **SAMPLE EVALUATION SHEET**

## DEFINITIONS

PROPOSAL - The first level of the evaluation structure.

FACTOR - The second level of the evaluation structure.

SUBFACTOR - The fifth level of the evaluation structure.

CODE - A number assigned to each level of the evaluation structure for identification purposes.

EVALUATOR - An individual board member for evaluating assigned portions of the proposals and assigning appropriate scores with justification.

ENDORSER - An individual at the next higher level above the evaluator who is responsible for a detailed check on the Evaluator's Work Sheet.

OUTSTANDING ITEM (GREEN FLAG) - A specific item that exceeds RFP requirements and will result in improved benefits to the Government in cost, schedule, or performance.

MAJOR DEFICIENCY (RED FLAG) - A specific item that reflects inadequacies or omissions that preclude meeting program objectives and has had a detrimental impact on cost, schedule, or performance.

## (SAMPLE)

### SUB-SUBFACTOR SCORING SHEET

PROPOSAL CONTROL NUMBER:

\_\_\_\_\_

OFFEROR:

\_\_\_\_\_

FACTOR:

\_\_\_\_\_

SUBFACTOR:

\_\_\_\_\_

SUB-SUBFACTOR:

\_\_\_\_\_

SUB-SUBFACTOR:      RAW SCORE:

\_\_\_\_\_

### EVALUATOR'S NARRATIVE JUSTIFICATION

(NOTE: Evaluator will address strengths, weaknesses, and required corrections as support for numerical score assigned to the evaluation.)

PREPARED BY: \_\_\_\_\_ DATE:

\_\_\_\_\_

ENDORSED BY: \_\_\_\_\_ DATE:

\_\_\_\_\_

## (SAMPLE)

### SUBFACTOR EVALUATION SUMMARY SCORING SHEET

PROPOSAL CONTROL NUMBER:

\_\_\_\_\_

OFFEROR:

\_\_\_\_\_

FACTOR:

\_\_\_\_\_

SUBFACTOR:

WEIGHTED TOTAL SCORE:

\_\_\_\_\_

	Raw		Weighted
Sub-Subfactors	Score	Weight	Score

\_\_\_\_\_

WEIGHTED TOTAL SCORE:

\_\_\_\_\_

NARRATIVE SUMMARY

PREPARED BY: \_\_\_\_\_ DATE: \_\_\_\_\_

ENDORSED BY: \_\_\_\_\_ DATE: \_\_\_\_\_

**(SAMPLE)**  
**FACTOR EVALUATION SUMMARY**  
**SCORING SHEET**

PROPOSAL CONTROL NUMBER:

\_\_\_\_\_

OFFEROR:

\_\_\_\_\_

FACTOR:

WEIGHTED TOTAL SCORE:

\_\_\_\_\_

			Weighted
Subfactors	Score	Weight	Score

\_\_\_\_\_

WEIGHTED TOTAL SCORE:

PROPOSAL CONTROL NUMBER:

DATE:

NARRATIVE SUMMARY

PREPARED BY: \_\_\_\_\_ DATE: \_\_\_\_\_

ENDORSED BY: \_\_\_\_\_ DATE: \_\_\_\_\_

**(SAMPLE)**  
**PROPOSAL EVALUATION SUMMARY**  
**SCORING SHEET**

Proposal Control Number: Weighted Total Score:

OFFEROR:

Total Proposal	Weighted Score	Weight	Score
_____	_____	_____	_____

WEIGHTED TOTAL SCORE:

NARRATIVE SUMMARY

PREPARED BY: \_\_\_\_\_ DATE: \_\_\_\_\_

ENDORSED BY: \_\_\_\_\_ DATE: \_\_\_\_\_

**(SAMPLE)**  
**OUTSTANDING ITEM (GREEN FLAG)**  
**NARRATIVE EVALUATION SHEET**

OFFEROR:

FACTOR:

SUBFACTOR:

SUB-SUBFACTOR:

PROPOSAL SECTION:

PAGE: PARA

RELEVANT RFP/OTHER REFERENCE:

**NARRATIVE DESCRIPTION**

PREPARED BY: \_\_\_\_\_ DATE: \_\_\_\_\_

ENDORSED BY: \_\_\_\_\_ DATE: \_\_\_\_\_

APPROVED BY: \_\_\_\_\_ DATE: \_\_\_\_\_

**(SAMPLE)**  
**MAJOR DEFICIENCY (RED FLAG)**  
**NARRATIVE EVALUATION SHEET**

PROPOSAL CONTROL NUMBER:

DATE:

---



---

OFFEROR:

---



---

FACTOR:

---



---

SUBFACTOR:

---



---

SUB-SUBFACTOR:

---



---

PROPOSAL SECTION:

---



---

RELEVANT RFP/OTHER REFERENCE:

---



---

NARRATIVE DESCRIPTION

PREPARED BY: \_\_\_\_\_ DATE: \_\_\_\_\_

ENDORSED BY: \_\_\_\_\_ DATE: \_\_\_\_\_

APPROVED BY: \_\_\_\_\_ DATE: \_\_\_\_\_

**SAMPLE SECTION L AND M**

**SAMPLE 1  
FOR A COMPETITIVE RFP FOR A FIXED-  
PRICE  
CONTRACT BASED ON LOW PRICED,  
TECHNICALLY ACCEPTABLE OFFEROR**

CONDITIONS FOR USE:

Language similar to this sample should be used only when procurement, technical and legal personnel agree that it would be in the Government's best interest to eliminate the right to make price/technical tradeoffs in making a selection. The product or service being purchased must be one where gradations of "good, better, best" are not relevant. Once an offeror is determined to be acceptable, that is the end of our exercise of discretion, and low price wins.

In making such a decision, drafters and reviewers of the solicitation should carefully examine the specifications to see whether they articulate straightforward requirements and standards. Attention must be paid to the issue of whether we have adequately described to offerors what it takes to be considered technically acceptable. This information will be communicated to offerors primarily through Sections C, L, and M.

When using this method of award, you still must follow the procedures for negotiated procurement described in FAR Part 15.

SECTION L PROVISIONS:

L. \_\_, INSTRUCTIONS FOR PREPARATION OF  
TECHNICAL AND PRICE PROPOSALS:

- a. In order to provide all necessary information for

a comprehensive technical evaluation and price analysis, offerors shall submit proposals in two separate sections, as follows:

(1) Technical Proposal:

(a) The technical proposal should be sufficiently specific, detailed and complete to clearly and fully demonstrate your understanding of the proposed work.

Your proposed method and approach should be sufficient to attain contract objectives and achieve a quality product. The technical approach shall be such as to enable Government personnel with general training to make a thorough and complete evaluation and arrive at a sound determination as to whether the supplies/services proposed will satisfy the stated requirements of the Government.

(b) The technical proposal shall demonstrate that the offeror has an effective quality control system including in-process inspection techniques to attain the level of performance required by the solicitation.

(c) The technical proposal shall include information concerning the experience the offeror has had in performance of Government or other contracts for similar supplies/services of the variety and magnitude set forth in this solicitation. The information should include data as to the scope of work required under such contracts, the term of said contracts, number and types of personnel furnished, the procuring agencies contracted with, contract numbers, and any other applicable information.

(d) Statements that the offeror understands, can or will comply with all specifications, statements paraphrasing the specifications or parts thereof, and phrases such as "standard procedures will be used" or "well-known techniques will be used," will be considered insufficient.

(e) No price or cost information shall be included in the Technical Proposal.

(2) Price Proposal: Prices for the items requested shall be included in Section B of the solicitation.

It is expected that this contract will be awarded based upon a determination that there is adequate price competition; therefore, the offeror is not required to submit or certify cost or pricing data. However, after receipt of proposals, if the Contracting Officer determines that adequate price competition does not exist in accordance with FAR 15.804-3, the offeror shall provide certified cost or pricing data as requested by the Contracting Officer.

## SECTION M PROVISIONS:

### M.\_\_\_\_, EVALUATION OF OPTIONS, FAR 52.217-5:

(Use only when options are included in Section B and are to be evaluated as part of award.)

### M.\_\_\_\_, BASIS OF AWARD:

- a. Reference L.\_\_\_\_, Contract Award, FAR 52.215-16.
- b. Subject to the terms and conditions contained herein, award will be made to a single offeror. No proposal will be accepted that does not contain the total amount of work specified in this solicitation.
- c. The Government will evaluate each proposal strictly in accordance with its content and will not assume that performance will include areas not specified in the offeror's proposal.
- d. Proposals which are unrealistic in terms of technical or schedule or unrealistically low in price will be deemed reflective of an inherent lack of technical competence or indicative of failure to comprehend the complexity and risks of the proposed contractual requirements and may be rejected.
- e. Among those offers determined to be technically acceptable, award will be made to the lowest priced offeror.

### M.\_\_\_\_, EVALUATION FACTORS:

- a. Proposals will be evaluated considering the following technical factors to determine whether they are technically acceptable. The factors are equally important:
  - (1) Quality of technical approach to meet the stated requirements of the Government.
  - (2) Technical experience.
- b. Among those offers determined to be technically acceptable, award will be made to the lowest priced offeror.

Enclosure 1

## **SAMPLE 2 FOR A COMPETITIVE RFP FOR A FIXED-PRICE CONTRACT WHERE PRICE FACTOR IS MORE IMPORTANT THAN TECHNICAL**

### CONDITIONS FOR USE:

- a. This sample is for a simple tradeoff or value approach. It can be easily modified to make price equally important to technical approach in our decision process. Note that there are no subfactors of price and there are only two subfactors of technical. We anticipate that this type Sections L and M would be used for fairly simple, non-complex services or products not requiring sophisticated evaluations. We envision a simple evaluation plan. The Contracting Officer would normally be the selecting official in this type of solicitation.
- b. In determining which offer is "most advantageous to the Government," the Contracting Officer would first look to the evaluation factors and their relative importance. Award to a higher technically ranked, more expensive offeror must always be justified because we are spending more money. This means that the difference in value of what we are buying should be worth the difference in price. We need to be able to articulate how the winner is more advantageous to the Government in terms that relate to the evaluation factors in the solicitation.
- c. Note that the burden of justification for a decision to award to other than low-priced offeror will vary with the articulation of the weights of the evaluation factors. If price is the most important factor, that burden will be large. If, on the other hand, technical is substantially more important than price, the expectation would be that the Government is willing to pay for some technical advantages.
- d. It is important that care be given in initially writing the RFP Section M and in selecting evaluation factors and their relative weights appropriate to what we are buying. This will substantially reduce the difficulty of our later task of applying those evaluation factors in reaching a decision.



## SECTION L PROVISIONS:

### L.\_\_, INSTRUCTIONS FOR PREPARATION OF TECHNICAL AND PRICE PROPOSALS:

In order to provide all necessary information for a comprehensive technical evaluation and price analysis, offerors shall submit proposals in two separate sections, as follows:

a. Technical Proposal:

(1) The technical proposal should be sufficiently specific, detailed and complete to clearly and fully demonstrate your understanding of the proposed work. Your proposed method and approach should be sufficient to attain contract objectives and achieve a quality product. The technical approach shall be such as to enable Government personnel with general training to make a thorough and complete evaluation and arrive at a sound determination as to whether the supplies/services proposed will satisfy the requirements of the Government.

(2) The technical proposal shall demonstrate that the offeror has an effective quality control system including in-process inspection techniques to attain the level of performance required by the solicitation.

(3) The technical proposal shall include information concerning the experience the offeror has had in performance of Government or other contracts for similar supplies/services of the variety and magnitude set forth in this solicitation. The information should include data as to the scope of work required under such contracts, the term of said contracts, number and types of personnel furnished, the procuring agencies contracted with, contract numbers, and any other applicable information.

(4) Statements that the offeror understands, can or will comply with all specifications, statements paraphrasing the specifications or parts thereof, and phrases such as "standard procedures will be used" or "well-known techniques will be used," will be considered insufficient.

(5) No price or cost information shall be included in the Technical Proposal.

b. Price Proposal: Prices for the items requested shall be included in Section B of the solicitation. It is

expected that this contract will be awarded based upon a determination that there is adequate price competition; therefore, the offeror is not required to submit or certify cost or pricing data. However, after receipt of proposals, if the Contracting Officer determines that adequate price competition does not exist in accordance with FAR 15.804-3, the offeror shall provide certified cost or pricing data as requested by the Contracting Officer.

## SECTION M PROVISIONS:

### M.\_\_, EVALUATION OF OPTIONS, FAR 52.217-5:

(Use only when options are included in Section B and are to be evaluated as part of award.)

### M.\_\_, BASIS OF AWARD:

a. Reference L.\_\_, Contract Award, FAR 52.215-16.

b. Subject to the terms and conditions contained herein, award will be made to a single offeror. No proposal will be accepted that does not contain the total amount of work specified in this solicitation.

c. The Government will evaluate each proposal strictly in accordance with its content and will not assume that performance will include areas not specified in the offeror's proposal.

d. Proposals which are unrealistic in terms of technical approach or schedule or which are unrealistically low in price will be deemed reflective of an inherent lack of technical competence or indicative of failure to comprehend the complexity and risks of the proposed contractual requirements and may be rejected.

e. Award will be made to the offeror whose offer will be most advantageous to the Government considering the evaluation factors stated below.

### M.\_\_, EVALUATION FACTORS:

a. Proposals will be evaluated in considering the following factors which are listed in descending order of importance:

(1) Price.

(2) Technical.

Section M.

b. Of the two factors, price is (slightly, somewhat, substantially) more important than technical.

c. Within the technical factor, the following factors are (listed in descending order of importance) (equally important):

(1) Quality of technical approach.

(2) Technical experience.

Enclosure 2

**SAMPLE 3  
FOR A COMPETITIVE RFP FOR A  
FIXED-PRICE CONTRACT BASED ON  
PRICE/BENEFIT ANALYSIS**

CONDITIONS FOR USE:

a. This sample is designed for the more complex procurement where proposals are fairly lengthy and involve complex analyses. It will most often be used where there is either a formal source selection (selecting official other than the Contracting Officer), or where the Contracting Officer is making the decision but has multiple committees in the evaluation.

b. Note that the evaluation factors which we have "traditionally" seen in many procurements (technical, management, and quality control) have been combined in an overall quality factor. This example clearly shows that the selecting official will weigh the total quality of what we are buying against how much we are paying for it.

c. In this approach, all of the scored items (technical quality, management quality, and quality control), are rolled up into one total score, which can then be balanced against the offered prices. This method of combining several scored factors into only one scored factor also eliminates the difficulty of describing in Section M the relative importance of price to several other factors. Making a value judgment by weighing only two elements may be simpler and easier to document.

SECTION L., INSTRUCTIONS FOR PREPARATION OF PROPOSALS, must be tailored to the requirements of

## SECTION M PROVISIONS:

### M.\_\_\_\_, EVALUATION OF OPTIONS, FAR 52.217-5.

(Use only when options are included in Section B and are to be evaluated as part of award.)

### M.\_\_\_\_, BASIS OF AWARD:

a. Reference L.\_\_\_\_, Contract Award, FAR 52.215-16.

b. Subject to the terms and conditions contained herein, award will be made to a single offeror. No proposal will be accepted that does not contain the total amount of work specified in this solicitation.

c. The Government will evaluate each proposal strictly in accordance with its content and will not assume that performance will include areas not specified in the offeror's proposal.

d. Proposals which are unrealistic in terms of technical or schedule or unrealistically low in price will be deemed reflective of an inherent lack of technical competence or indicative of failure to comprehend the complexity and risks of the proposed contractual requirements and may be rejected.

e. Award will be made to the offeror whose offer will be most advantageous to the Government considering the evaluation factors stated below.

### M.\_\_\_\_, EVALUATION FACTORS:

a. In selecting the offer most advantageous to the Government, the following factors will be considered:

- (1) Quality.
- (2) Price.

(Here, insert the relative order of importance appropriate for your requirement. The following is an example.)

b. Of these two factors, quality is (slightly) (somewhat) (substantially) more important than price. The Government is interested in proposals that offer value in meeting the requirements - quality performance with acceptable risk at a fair and reasonable price.

(Insert subfactors of quality that are appropriate to your requirement. An example follows:)

c. Within the quality factor, the following subfactors are (listed in descending order of importance) (of equal importance):

- (1) Technical quality.
- (2) Management quality.
- (3) Quality control.

d. Within the technical quality subfactor, the following sub-subfactors are listed in descending order of importance:

- (1) Technical approach to performing specific functional areas.
- (2) Technical management.
- (3) Technical experience related to functional areas.

e. Within the management quality subfactor, the following sub-subfactors are listed in descending order of importance:

- (1) General management principles and applications.
- (2) Related management experience.
- (3) Phase-in and phase-out.

f. Within the quality control subfactor, the following sub-subfactors are equal in importance:

- (1) Specific inspection techniques.
- (2) Corrective action.
- (3) Interface and communications system.
- (4) Documentation and reports.

g. Price will be evaluated using price analysis techniques. In selecting the best overall proposal, the

Government will consider the value of each proposal in terms of the quality offered for the price. The importance of price in the selection will increase as the quality differences between proposals decrease.

Enclosure 3

**SAMPLE 4**  
**FOR A COMPETITIVE RFP FOR A COST**  
**REIMBURSEMENT CONTRACT BASED ON**  
**COST/BENEFIT ANALYSIS**

CONDITIONS FOR USE:

a. This sample is the cost reimbursement type contract version of Sample 3. It would be used under the same circumstances as Sample 3, with the exception of the different contract type.

b. Note the reference in the cost evaluation paragraph to the proposed fee structure. This was designed for cost-plus-award-fee contracts, although it would be applicable in other RFPs which allow offerors an opportunity to design or propose incentive fees.

SECTION L, INSTRUCTIONS FOR PREPARATION OF PROPOSALS, must be tailored to the requirements of Section M.

SECTION M PROVISIONS:

M.\_\_\_\_, EVALUATION OF OPTIONS, FAR 52.217-5:

(Use only when options are included in Section B and are to be evaluated as part of award.)

M.\_\_\_\_, BASIS OF AWARD:

a. Reference L.\_\_\_\_, Contract Award, FAR 52.215-16.

b. Subject to the terms and conditions contained herein, award will be made to a single offeror. No proposal will be accepted that does not contain the total amount of work specified in this solicitation.

c. The Government will evaluate each proposal strictly in accordance with its content and will not assume that performance will include areas not specified in the

offeror's proposal.

d. Proposals which are unrealistic in terms of technical or schedule or unrealistically low in cost will be deemed reflective of an inherent lack of technical competence or indicative of failure to comprehend the complexity and risks of the proposed contractual requirements and may be rejected.

e. Award will be made to the offeror whose offer will be most advantageous to the Government considering the evaluation factors stated below.

M.\_\_\_\_, EVALUATION FACTORS:

a. In selecting the offer most advantageous to the Government, the following factors will be considered:

(1) Quality.

(2) Cost.

b. Of these two factors, quality is (slightly) (somewhat) (substantially) more important than cost. The Government is interested in proposals that offer value in meeting the requirements - quality performance with acceptable risk at a fair and reasonable price.

c. Within the quality factor, the following subfactors are (listed in descending order of importance) (of equal importance):

(1) Technical quality.

(2) Management quality.

(3) Quality control.

d. Within the technical quality subfactor, the following sub-subfactors are listed in descending order of importance:

(1) Technical approach to performing specific functional areas.

(2) Technical management.

(3) Technical experience related to functional areas.

e. Within the management quality subfactor, the following sub-subfactors are listed in descending order of importance:

- (1) General management principles and applications.
- (2) Related management experience.
- (3) Phase-in and phase-out.

f. Within the quality control subfactor, the following sub-subfactors are equal in importance:

- (1) Specific inspection techniques.
- (2) Corrective action.
- (3) Interface and communications systems.
- (4) Documentation and reports.

g. Cost will be evaluated using cost and price analysis techniques. In selecting the best overall proposal, the Government will consider the value of each proposal in terms of the quality offered for the estimated cost. The advantages or disadvantages to the Government of the proposed fee structure will also be considered. The importance of the cost factor in the selection will increase as the quality differences between proposals decrease.

Enclosure 4

**SAMPLE 5  
FOR A COMPETITIVE RFP FOR COST  
REIMBURSEMENT CONTRACT BASED ON  
COST/BENEFIT ANALYSIS**

**CONDITIONS FOR USE:**

a. A Section M such as this could be used interchangeably with Sample 4. The primary difference is that here the four "traditional" factors (slightly modified to more clearly address quality) are listed separately rather than combined into two factors.

b. Although a sample is not provided, this sample could easily be adapted for a fixed price contract by changing the cost factor to price and changing the language

about the evaluation of cost.

c. There are not significant differences between the information provided to the selecting official in this Sample 5 and Sample 4. The presentation or format of the information would be slightly different, including the relationship between cost and the other factors.

SECTION L, INSTRUCTIONS FOR PREPARATION OF PROPOSALS, must be tailored to the requirements of Section M.

**SECTION M PROVISIONS:**

M.\_\_\_\_, EVALUATION OF OPTIONS, FAR 52.217-5:

M.\_\_\_\_, BASIS OF AWARD:

a. Reference L.\_\_\_\_, Contract Award, FAR 52.215-16.

b. Subject to the terms and conditions contained herein, award will be made to a single offeror. No proposal will be accepted that does not contain the total amount of work specified in this solicitation.

c. The Government will evaluate each proposal strictly in accordance with its content and will not assume that performance will include areas not specified in the offeror's proposal.

d. Proposals which are unrealistic in terms of technical or schedule or unrealistically low in cost will be deemed reflective of an inherent lack of technical competence or indicative of failure to comprehend the complexity and risks of the proposed contractual requirements and may be grounds for rejection of the proposal.

e. Award will be made to the offeror whose offer will be most advantageous to the Government considering the evaluation factors stated below.

M.\_\_\_\_, SIGNIFICANT EVALUATION FACTORS:

a. Award will be based on the best overall proposal with appropriate consideration given to the following factors:

(Here, insert the evaluation factors and their relative order of importance appropriate for your requirement. The

following factors, subfactors, and their relative importance are merely one example. YOU MUST ADJUST ALL TO YOUR REQUIREMENT.)

- (1) Technical excellence.
- (2) Management capability.
- (3) Quality control.
- (4) Cost.

b. The cumulation of the first three factors is significantly more important than cost. The factors of technical excellence, management capability, and quality of work are approximately equal in importance.

c. Cost will be evaluated using cost and price analyses techniques.

d. In selecting the best overall proposal, the Government will consider the value of each proposal in terms of the quality offered for the estimated cost. The importance of the cost factor in the selection will increase as the differences in the other significant evaluation factors decrease.

M., SUBFACTORS AND THEIR RELATIVE IMPORTANCE:

a. Within the technical excellence factor, the following subfactors are listed in descending order of relative importance:

- (1) Understanding of tasks.
- (2) Sound approach to performing specific functional areas.
- (3) Technical management.
- (4) Technical experience related to functional areas.
- (5) Responsiveness.

b. Within the management capability factor, the following subfactors are listed in descending order of relative importance:

(1) General management principles and applications.

(2) Management and administrative organization for the supervision of performance required under the proposed contract.

(3) Cost control system.

(4) Related management experience.

(5) Interface and communication system with the Government.

(6) Qualifications for the key personnel you propose to furnish under the proposed contract.

(7) Phase-in and phase-out.

c. Within the quality control factor, the following subfactors are listed in descending order of relative importance:

- (1) Quality of work.
- (2) Specific inspection techniques.
- (3) Corrective action.
- (4) Documentation and reports.

Enclosure 5



**SAMPLE  
SOURCE SELECTION EVALUATION REPORT**

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## SOURCE SELECTION EVALUATION REPORT

### I. INTRODUCTION:

A. General: The following information constitutes the Directorate of Logistics Source Selection Evaluation Board (SSEB) Evaluation Report to the Source Selection Authority (SSA). The materials to be presented in this report are for **example only** and are **PROCUREMENT SENSITIVE**. A supporting report package will be made available for your (SSA) use in researching more deeply the information summarized in this report. (All support ing charts referenced in this report should be located at the end of the report in the order used.) You will be provided an office area and administrative support within this building to complete and document your decision. No Source Selection Evaluation Board materials will be removed from the immediate area.

B. Purpose: The purpose of this report is to present the results of the SSEB evaluation and analysis of those proposals submitted in response to Request for Proposals (RFP) which is to staff, operate, and perform Directorate of Logistics Base Operations Support Services. This report is organized with five major sections. Section I is these introductory remarks. The next major section, Section II, will contain information concerning the procedures and techniques employed by the SSEB that are necessary to understand the details of the evaluation. This information includes: a breakdown of the elements; factors and subfactors used; an explanation of the scoring system used; how the SSEB arrived at the Independent Government Estimate and how it was applied to the proposals being evaluated; and an explanation of the Flags issued during evaluation of the second best and final offers. Section III will be a detailed analysis of each offeror's proposal including the management and technical evaluation scores and the cost realism evaluation findings and adjustments. This section of the report is very detailed and contains a large amount of information and data. This information and data will be consolidated in Section IV as a summarization of the Board's findings with a comparative analysis of all proposals. Section V contains the closing remarks of the SSEB.

C. Contractual Considerations: This RFP was issued as a proposed Cost Plus award Fee type contract with identified Government-Furnished facilities, equipment and services. It contains a performance base period of one year

with four one-year options periods. This proposed contract is labor intensive and amounts to hiring a contractor's workforce to perform the required support services. The Request for Proposals (RFP) presents requirements. The offeror's proposal presents his proposed method of fulfilling those requirements and, if accepted by the Government, will become the contract with that offeror. Therefore, the offerors' evaluated ability to perform RFP requirements, as represented by their proposed staffing, was of paramount importance in evaluating the proposals.

D. Evaluation: The proposals were evaluated for general management, technical acceptability and cost realism as stated in the RFP, Section M, with technical acceptability ranked higher than general management and both scored. Cost realism was not given a numerical score; however, proposals were evaluated to determine if proposed costs accurately reflected proposed performance. The decision criteria, explained to each offeror in the RFP, and supported by information within this briefing is to select that proposal which offers the best overall performance to the Government for cost comparison. Therefore, the adequacy of proposed performance as related to required performance will be stressed in supporting the decision process with cost realism information and the evaluated "Most Probable Cost" to technical point ratio provided as additional documentation.

E. Coded Proposal Names: The names of the offerors' organizations will be coded throughout this briefing by use of the phonetic alphabet and will be referred to as Proposal Alpha through Proposal Charlie. This will avoid even the remotest appearance of favoritism or conflict of interests and will assist you (SSA) in assuring the impartial consideration and comprehensive evaluation of each offeror's proposal.

### II. Procedures and Techniques:

A. Procedures: As indicated earlier, the requirements of the RFP were broken down into the three significant evaluation elements of Technical, Management, and Cost Realism and these became the SSEB's evaluation committees. The factors and subfactors within the Technical and Management Elements were used in the scored evaluation of each proposal. The weights indicated were developed by the SSEB after Directorate of Logistics personnel approved the relative order of importance of the different elements, factors and subfactors being evaluated. There is an apparent overlap with both the Technical

Evaluation Committee (TEC) and the Management Evaluation Committee (MEC) depicted as evaluating the proposed Transition and Phase-In Plans. The Management Committee actually evaluated the Transition and Phase-In Plans while the Technical Committee evaluated the adequacy of the proposed staffing during transition and phase-in. Experts from other functional areas were called in as necessary to both consult and advise the SSEB evaluators. Because it was not scored, Cost Realism was not broken down into factors and subfactors.

(1) Subfactor Scoring: Individual SSEB Evaluators in the Technical and Management Committees assigned a raw score at the subfactor level after a thorough evaluation of each proposal. These scores ranged from 0 to 100 and were defined in advance for the evaluators as depicted on the chart below.

#### EVALUATION CRITERIA

<u>Numerical</u> <u>Rating</u>	<u>Adjective</u> <u>Rating</u>	<u>Criterion Criteria</u>
90-100	Outstanding	Proposal will achieve and probably exceed the desired results in all areas
89-89	Very good	Proposal will achieve the required results in an above average manner
70-79	Acceptable	Proposal will achieve the desired results
60-69	Marginal	Major improvements in some areas are necessary for proposal to meet minimum required results
0-59	Unacceptable	Major improvements in the majority of areas are necessary in order to meet minimum required results. Note: Unacceptable subfactor evaluations will be scored as "0."

(a) Scores of less than 60 were considered unacceptable and automatically dropped to "0." Using this scale, scores of 70 to 79 represent acceptable performance for the required service being evaluated.

(b) Individual evaluators were not aware of the value of the weight to be applied to the subfactor being scored and each particular subfactor was evaluated and documented by the same SSEB Evaluator throughout all proposals to assure equal treatment of all proposals. The scores earned by each offeror reflect the proposal as evaluated without adjustment for the deficiencies found in the proposal.

(2) Factor Scoring: The Committee Chairmen then summarized the subfactor evaluations on a Factor Evaluation Summary Sheet and applied the approved weights to the subfactor scores totaling them into factor scores that maintained the 0 to 100 range.

(3) Element Scoring: After assembling all of the factors identified for each element, the Committee Chairmen summarized the factor evaluations on an Element Evaluation Summary Score Sheet and applied the approved factor weights to develop an element score that also maintained the 0 to 100 range.

(4) Proposal Scoring: The Element Evaluation Score Sheets were submitted to the Deputy SSEB Chairman along with supporting documentation for review and approval. The Deputy SSEB Chairman summarized the element evaluations on a Proposal Evaluation Summary Score Sheet and applied the final evaluations on a Proposal Evaluation Summary Score Sheet and applied the final set of weights for arriving at the total proposal score within the 0 to 100 range.

(5) Cost Evaluation: In the area of cost and cost analysis, the Cost Realism Committee analyzed the cost data of each proposal for compliance with standard accounting procedures and mathematical correctness. Additionally, the Technical and Management Committees provided the Cost Committee with information on proposed staffing, equipment and subcontract data which had potential for impacting on cost. This cost data was compared with the offeror's proposed cost and adjustments were made to arrive at the Most Probable Cost to the Government.

B. Independent Government Estimate (IGE): The

Independent Government Estimate (IGE), as developed by the SSEB, represents an estimate of the staffing, both in number and type of personnel, that is required for satisfactory performance as defined by the RFP. It was developed by the SSEB without knowledge of the in-house Most Efficient Organization.

(1) Structuring the IGE: The Independent Government Estimate started with the most currently approved DOL TDA requirements reduced by the Government-in-Nature (GIN) workforce. The SSEB evaluators then, using their specialized knowledge and experience of workload requirements and personnel capabilities, edited the IGE to the most realistic requirements using civil service performance standards. Management and organizational support personnel were then added to the IGE where the Contractor would be required to replace or duplicate the GIN personnel. An example is adding a Project Manager, as required to supervise the operation, where the Director of Logistics was removed as a GIN position. At this point, a known factor (86.4 percent), referenced from the FORSCOM Source Selection Handbook, that adjusts for the expected productivity differences between Government employees and Contractor employees was applied to the IGE and it was reduced to the most realistic requirements used by the SSEB. The IGE was formatted by individual work center to allow for rearrangements that could conform to any proposed organization. This allowed using the evaluator's expertise for job requirements and the offeror's proposed organization to arrive at evaluated staffing requirements for that proposal.

(2) Application of the IGE: These IGE figures were used by the SSEB as a benchmark for evaluating all of the proposals for adequacy of staffing. Consideration was given to each offeror's proposed organization, and any unique or innovative work methods defined by the proposal, then the IGE was applied in terms of the workload requirements for the particular work center being evaluated. This method of applying the IGE resulted in equal treatment of all proposals with the flexibility to adapt to each proposed organization.

C. Flags: During the evaluation, outstanding items and major deficiencies were identified whose impact may or may not have been fully conveyed by the numerical scoring system or narrative analysis. A flag system was established and used to call special attention to these outstanding items and major deficiencies. Green flags were

to be prepared by the evaluators or Committee Chairmen to identify outstanding items and Red Flags were to be prepared to identify major deficiencies. Flagged items are generally independent and may not affect each other. Each flag should be judged separately as to its advantage or disadvantage to the Government.

D. General Evaluation Comments: The SSEB had three opportunities to examine, evaluate, and analyze the proposals submitted. First, the Board evaluated the initial proposals and generated numerous questions which were submitted in writing through the contracting officer to the offerors. The Board then received and evaluated the first best and final offers but, due to an administrative change directed by Congress that affected the competitive process, discussions were reopened and second best and final offers were solicited. This also means that the offerors were given two opportunities to correct errors or deficiencies in their proposals. Evaluation of the second best and final offers are the basis for this report.

III. Detailed Analysis of Each Proposal: The following is a comprehensive, impartial, and equitable evaluation and analysis of all proposals submitted by the offerors, the SSEB submits the following data to enable you, the Source Selection Authority (SSA), to determine and select for cost comparison with the Government's in-house cost estimate that proposal which offers the best overall performance to the Government. The order of acceptability is not represented in the order, or the way, in which the proposals are presented in this report.

A. Proposal Alpha:

(1) Background and Experience: Alpha is a major commercial enterprise with successful experience in providing support services to the Government and the Army. He has current experience in providing services at an Army installation similar to those required by the Directorate of Logistics. However, his experience, as documented in the proposal, does not indicate experience in heavy equipment maintenance of the volume or complexity required.

(2) Technical Evaluation: Evaluation of Alpha's Technical Element resulted in acceptable scoring for all factors, No Red Flags were issued. Very few minor adjustments would be needed for Alpha to perform in a satisfactory manner. Technical staffing adjustments for this element resulted in an overall increase of 5.58 person-

nel.

(a) Supply Factor: In the supply factor, Alpha's understanding of RFP requirements, proposed staffing during Transition and Phase-In, and Quality Control program are all acceptable. His proposed overall staffing of 121.30 personnel for this factor was scored as acceptable. Staffing adjustments for Cost Realism resulted in an overall decrease of one person for this factor.

(b) Maintenance Factor: In the Maintenance Factor, Alpha's comprehension of RFP, staffing for Transition and Phase-In, and Quality Control subfactors are all acceptable and should allow for satisfactory performance in these areas. Alpha has provided a well-proposed plan identifying the mix of skill levels, multi-skilled personnel and how he plans to cross-utilize his workforce to meet peak workloads and specific high-priority tasks.

Although he has several minor staffing problems within his Maintenance Department, his overall staffing is acceptable and should achieve the desired results. Staffing adjustments for Cost Realism in this factor resulted in an overall increase of four personnel.

(c) Transportation Factor: Although Alpha's proposal contains several minor mistakes in the Transportation Factor that would require revision prior to contract start date, his comprehension of RFP subfactor is considered acceptable and should meet minimum requirements. His proposed staffing during Transition and Phase-In, and his Quality Control program were scored as acceptable. Staffing adjustments for Cost Realism in this factor resulted in an overall increase of 2.58 people.

(3) Management Evaluation: The Management Element of Alpha's proposal is considered to be very good and should achieve the required results in an above average manner. This offeror is proposing automation in several areas that, if implemented, could improve efficiency and should result in a more cost-effective operation. A Red Flag was issued by the Management Evaluation Committee to document Alpha's intent to use a van for sorting and delivering mail. This van is not in Government-Furnished Property and could become an extra cost to the Government.

(4) Cost Realism Evaluation: For the Cost Realism Evaluation, Alpha has proposed costs totaling \$56.8 million over the five-year contract period. Based on

the CREC evaluation, the Most Probable cost to the Government would be \$58.4 million, an increase of \$1.6 million or 2.8 percent. Included in the Alpha's proposal was an award fee of 8 percent in the base year and each of the option periods. No base fee was proposed.

(a) No Red flags were generated by the CREC. However, it should be noted that cost documentation included in this proposal provided insufficient explanations of how costs were derived. While responses to EOCs cured the majority of questions, the current proposal appears to have used a different methodology in a number of cost areas without a corresponding explanation for the change. The CREC has adjusted Most Probable Costs in those areas where Alpha has significantly reduced his costs without explanation or apparent justification.

(b) Adjustments to Costs: The increase in Alpha's proposed costs of \$1.6 million to arrive at the Most Probable Cost was primarily the result of two adjustments.

(1) Alpha's proposal is costed using 347.29 full-time equivalent (FTE) employees. Based on TEC and MEC recommendations, staffing levels were revised to 352.87 FTEs, and increase of 5.58. This adjustment increased costs by approximately \$0.7 million.

(2) In the current proposal, Alpha appears to have reduced his labor costs by 104 hours per employee to account for unpaid absences such as attrition, hire lag, and unexcused absences. In comparison, he used 62 hours in the first Best and Final proposal, since Alpha failed to provide an explanation for the change, the CREC considered the 62 hours of unpaid absences to be more reasonable and has used three hours in developing the Most Probable Costs. This increased costs by \$0.8 million.

(3) The remaining \$0.1 million increase was to correct minor errors made by Alpha.

(5) Proposal Evaluation Summary: To summarize Alpha's proposal, he was evaluated overall as acceptable in all areas of Technical and Management evaluation and should be capable of achieving the desired results. One Red Flag was issued in the evaluation of this proposal.

(a) The Technical Committee evaluated this proposal as acceptable in all areas with very few minor adjustments required for the offeror to perform in a

satisfactory manner. No Red Flags were issued by the Technical Committee evaluators and staffing adjustments for Cost Realism in this element resulted in an overall increase of 5.58 personnel.

(b) The Management Element of this proposal appears to be very good and the offeror is proposing automation in several areas that could improve the efficiency and cost effectiveness of the functional operation. Management evaluation resulted in the one Red Flag to highlight the offeror's intent to use a van for sorting mail that could be an additional cost to the Government.

(c) The Cost Realism Committee had some problem with Alpha's cost documentation in the proposal and with insufficient explanations of how some costs were derived. Cost adjustments to the proposed cost amounted to a 2.8-percent increase to arrive at the Most Probable Cost to the Government.

#### B. Proposal Bravo

(1) Background and Experience: Bravo is a major commercial enterprise with successful experience in providing support services to the Government and the Army. He has no direct experience in providing Directorate of Logistics services at an Army installation. However, his experience, as documented in the proposal, does represent similar services as are required in most technical areas of the RFP with the exception of experience in heavy equipment maintenance of the volume or complexity required.

(2) Technical Evaluation: Evaluation of the technical element resulted in acceptable scoring for all factors. Very few adjustments would be needed for Bravo to perform in a satisfactory manner. One Red Flag was written to highlight minimal overstaffing. Staffing adjustments for this element resulted in an overall decrease of 13.50 personnel.

(a) Supply Factor: In the Supply Factor, Bravo's understanding of RFP requirements, proposed staffing during Transition and Phase-In and Quality Control program are all acceptable. His proposed overall staffing of 129.60 for this factor was scored as acceptable. Staffing adjustments for Cost Realism in this factor resulted in an overall decrease of one person.

(b) Maintenance Factor: For the

Maintenance Factor, Bravo's Comprehension of RFP, Organization and Staffing, Adequacy of Transition and Phase-In Plans and Quality Control subfactors are all acceptable. Proposed staffing for the Maintenance Factor is adequate to perform the requirements of the Request for Proposals. However, manning within the repair shops will require some adjustments and these staffing adjustments resulted in an overall increase of 3.50 people.

(c) Transportation Factor: For the Transportation Factor, Bravo's comprehension of RFP is marginal. Evaluation revealed several mistakes that would require revision prior to contract start date. Adequacy of Transition and Phase-In Plans and Quality Control subfactors are acceptable. Bravo's proposed mix of skill levels and types of personnel are adequate; however, this factor is overstaffed in the transportation branch and terminal warehouse. Overall proposed staffing is acceptable with staffing adjustments for Cost Realism in this factor resulting in an overall decrease of 16 people.

(3) Management Evaluation: The Management Element of Bravo's proposal is considered to be minimally acceptable. His proposed staffing in the Management area is considered to be excessive and a reduction of nine personnel is recommended in this area. The proposal does not demonstrate an understanding of what Bravo's responsibilities with the DODSASP automated system would be and his discussion on utilizing the SAILS and POL automated systems as management tools to manage inventory, identify problem areas and provide trend analyses/performance indicators is considered to be very weak. The proposal content in the Accounting System area indicates that Bravo has some knowledge and understanding of the Accounting System, but does not demonstrate a working knowledge of when and how to use APCs for required contract costing control. This proposal could achieve the desired results, if Bravo received assistance from the Government in some areas during the contract phase-in period.

(4) Cost Realism Evaluation: For the Cost Realism evaluation, Bravo has proposed costs totaling \$54.8 million over the five-year contract period. Based on the CREC evaluation, the Most Probable Cost to the Government would be \$54.4 million, a decrease of \$0.4 million or 0.7 percent. Bravo has included in his proposal an award fee of 5 percent for the base year and each of the option periods. No base fee was proposed.

(a) One Red Flag concerning equipment repair in Other Direct Costs was issued by the CREC. Bravo's costs in this area appear to be seriously understated; however, the actual dollar impact of the Red Flag could not be quantified and is, therefore, not included in the Most Probable Costs. With only a few exceptions, the cost documentation provided in the proposal was considered adequate.

(b) Adjustments to Most Probable Costs: The \$0.4 million decrease in proposed costs to arrive at the Most Probable Cost concerns one adjustment. In the base year, Bravo uses 385.63 FTEs in developing his costs. Thereafter, he steadily reduces his staffing level in each of the option years to a low 354.32. On average, Bravo has a staffing level equaling 368.35. Bravo has referred to this as a productivity adjustment due to management efficiencies and worker proficiencies. Because of his methodology, the staff reductions are not identified by specific job classifications, but instead to the total workforce. Staffing levels recommended by the TEC/MEC were 363.13 FTEs in the base year and each option year. Since the staff reductions received from TEC/MEC indicated that Bravo would still be overstaffed after incorporating his productivity gains, and because the TEC/MEC staffing could be identified to a specific job description, the Most Probable Costs were adjusted to the TEC/MEC staffing levels and no productivity gains were allowed. The net effect of this adjustment was approximately \$0.2 million. The remaining \$0.2 million in adjustments corrected a number of small insignificant errors made by Bravo.

(5) Proposal Evaluation Summary: The overall rating of Bravo's proposal is considered acceptable with acceptable evaluation scores from both the Technical and Management Committees. There was a total of three Red Flags issued, one from each element evaluated.

(a) The Technical Committee's evaluation of this proposal resulted in acceptable scoring for all factors. Very few adjustments would be needed for this Bravo to perform in a satisfactory manner. One Red Flag was issued to highlight the overstaffing that resulted in an overall evaluated decrease of 13.50 personnel in the Technical areas.

(b) The Management Element of Bravo's proposal is considered to be minimally acceptable. His proposed staffing in the Management area is considered

to be excessive and a reduction of nine personnel is recommended and highlighted by a Red Flag.

(c) The Cost Realism evaluation of Bravo's proposal resulted in decreasing the proposal cost by 0.7 percent in arriving at the Most Probable Cost to the Government. The Red Flag issued by the Cost Realism Committee concerned equipment repair in the area of Other Direct Costs; this cost area may be understated by a considerable amount. With only a few exceptions, the cost documentation provided in the proposal was considered adequate.

#### C. Proposal Charlie:

(1) Background and Experience: Charlie is a major commercial enterprise with successful experience in providing support services to the Government and the Army. He has current experience in providing services at a major Army installation similar to those required by the Directorate of Logistics.

(2) Technical Evaluation: Evaluation of the Technical Element resulted in acceptable scoring for all factors. Although some adjustments need to be made, Charlie could perform in an acceptable manner. One Red Flag was written to highlight excessive staffing for this element. Staffing adjustments resulted in an overall decrease of 48.50 personnel.

(a) Supply Factor: Although Charlie's understanding of the RFP requirements for the Supply Factor is acceptable, some adjustments would need to be made prior to contract start date. Adequacy of Transition and Phase-In Plans and Quality Control subfactors are acceptable and should provide the desired results. Charlie's overall staffing for the Supply Factor is adequate. Some shortfalls in personnel staffing have been noted in the Troop Issue Subsistence Function and Self-Service Supply Center. Through realignment of personnel, these staffing shortfalls could be eliminated. Staffing adjustments for this factor resulted in an overall increase of one person.

(b) Maintenance Factor: For the Maintenance Factor, Charlie's proposal is acceptable in all areas and should allow for satisfactory performance. However, evaluation revealed nine shops within his Maintenance Division are overstaffed and requirements of the Request for Proposals could be met with less people. Staffing adjustments for this factor resulted in an overall

decrease of 31 people.

(c) Transportation Factor: For the Transportation Factor, Charlie's proposal is considered acceptable in all areas and should meet minimum requirements. However, minor staffing is found throughout this factor except the Transportation Branch. Staffing adjustments resulted in an overall decrease of 18.50 personnel.

(3) Management Evaluation: The Management Element of this proposal is considered to be acceptable and should achieve the desired results. The discussion coverage throughout the management portion of this proposal indicates that Charlie has a good understanding of the RFP requirements with just a few exceptions. These exceptions are considered minor and could be cured, if necessary, after any contract award without impact on contract cost.

(4) Cost Realism Evaluation: For the Cost Realism Evaluation Charlie has proposed costs totaling \$56.7 million over the five-year contract period. Based on the CREC evaluation, the Most Probable Cost to the Government would be \$54.2 million, a decrease of \$2.5 million or 4.5 percent. Included in the Charlie's proposal is an award fee of 5 percent for the base year and each of the option periods. No base fee was proposed.

(a) The CREC did not issue any Red Flags for this proposal. Generally, the costs in this proposal were documented in an adequate manner; however, the Charlie failed to provide adequate documentation to support Other Direct Costs. Also, Charlie did not provide a cross-reference between proposed personnel and the job titles listed in the Department of Labor (DOL) wage determination, causing numerous difficulties in determining if the minimum DOL wage rate was being paid.

(b) Cost Adjustments for Most Probable Costs: The \$2.5 million decrease in proposed costs in arriving at the Most Probable Cost was primarily the result of two adjustments:

(1) Charlie's proposal comprehended a staffing level of 442.01 FTEs. The TEC/MEC review recommended a staffing level of 393.51 FTEs, a reduction of 48.5 FTEs. The staffing level recommended by TEC/MEC assumed that Charlie was productive 85-86

percent of the total available hours with the remaining 14-15 percent of hours lost due to sick leave, vacation, holiday, attrition, or hire lag. In fact, his actual productivity is only 82 percent. Based on Charlie's lower productivity, the CREC has determined the correct staffing should be equal to 405.7 FTEs. The revised technical adjustment of 36.3 FTEs (442-405.7) reduced costs by \$3.9 million.

(2) During the evaluation, it was determined that Charlie had failed to pay the minimum DOL wage rate to some SCA employees. Since he failed to provide a cross-reference to job descriptions in the DOL wage determination, this adjustment was based on a TEC/MEC evaluation of the skill levels implied in his narrative or the skill level required to perform the contract. Escalating these wages up to the DOL minimum wage rate increased the costs by \$1.3 million.

(3) The remaining \$0.1 million increase consisted of a number of minor adjustments to correct various errors made by Charlie.

(5) Proposal Evaluation Summary: The overall evaluation of Charlie's proposal is considered acceptable with one Red Flag issued during the evaluation.

(a) The Technical Committee found Charlie's proposal acceptable in all areas. Although some adjustments will be required, he could perform in an acceptable manner. The one Red Flag was issued by the Technical Committee to highlight the evaluated excessive staffing that resulted in decreasing Charlie's staffing by 48.50 personnel.

(b) The Management Element of Charlie's proposal is considered acceptable and should achieve the desired results.

(c) The Cost Realism Committee generally found the costs in Charlie's proposal were documented in an adequate manner with the exception of Other Direct Costs and providing a cross reference between proposed personnel and the job titles listed in the DOL wage determination. The Cost Realism evaluation resulted in a decrease of 4.5 percent in the overall Most Probable Cost of this proposal.

#### IV. SUMMARIZATION OF THE SSEB'S FINDINGS

A. Introduction to the Summary: This concludes

the evaluation findings for the individual proposals received in response to the DOL solicitation. I will now summarize the findings of the SSEB and present the most salient information together for all proposals in the form of a comparative analysis.

B. Comparison of all Proposals: Charts should depict all of the proposals with scores earned by each proposal in the evaluation depicted on the charts. Additionally, a chart should depict the proposed and adjusted staffing for each proposal, the proposed costs in millions of dollars, the cost adjustments made in arriving at the Most Probable Costs in millions of dollars, and the Most Probable Cost to Technical Point Ratio in thousands of dollars. The proposals are presented in the order that we evaluated them during this second Best and Final evaluation and this order does not indicate any particular preference or sequence of acceptability.

(1) Technical, Management, and Proposal Scores: In reviewing the Weighted Total Proposal Scores earned by the offerors in the evaluation, all three proposals fell within the acceptable range. Two of the three best scoring proposals, Alpha and Charlie, earned acceptable scores in all of the evaluated Factors for both the Technical and Management Element. The third proposal with an overall acceptable score, Bravo, earned Factor scores in the acceptable range except for the Management of Government Automated Systems and Accounting System Factors in the Management Element where he scored 68.25 and 67.00 respectively, or high marginal scores.

(2) Proposed and Adjusted Staffing: As we indicated in the introduction to this report, this RFP is very labor intensive and the ability to satisfactorily perform RFP requirements is very closely linked to each offeror's proposed staffing.

(a) The variances in the adjusted totals are a result of applying our IGE to the offeror's different proposed organizations. Some offeror's proposed dual utilization of some personnel to reduce labor while others proposed personnel for functions that were not being evaluated and they were allowed without question.

(b) The proposed staffing varies from 352 to 442 with no real pattern discernible; however, the adjusted staffing of all proposals averages 393 personnel.

(c) Proposed Costs and "Most Probable" Costs: The offeror's proposed costs ranged from

\$54.8 million to \$56.8 million with all but one of the Most Probable Costs above \$50 million. Proposal Alpha has the highest proposal cost at \$56.8 million with Charlie next at \$56.7 million and Bravo next with \$54.8 million. These three offerors had proposed costs that were grouped within \$2.0 million of each other. Proposal Bravo required the least adjustment, only 0.7 percent, in arriving at the Most Probable Cost to the Government for his proposal.

(3) Most Probable Cost to Technical Point (MPC/TP) Ratio: This ratio is derived by dividing the total proposal score (technical points) earned by the offeror into the proposal's Most Probable Cost and is intended to indicate the dollar cost of each technical point offered and earned by a proposal. Starting with an acceptable number of technical points, the lower the dollar cost of each point, the better the buy is for the Government.

(4) Proposal Charlie had the lowest MPC/TP ratio with a cost of \$716.2 thousand for each of the technical points offered in his proposal. The other two, Alpha and Bravo, had ratios of \$752.2 thousand and \$747.2 thousand, respectively.

C. Summary Closing: In closing, we would like to reiterate the method of interpretation planned for this evaluation and express some concerns and cautions that we feel are important to bring this evaluation and source selection to a successful conclusion.

(1) Interpretation of Findings:

(a) The scoring, or point, system devised for this evaluation was defined for the evaluator's use at the subfactor evaluation level, as was described for you in the introduction to this report. Although these adjective ratings and scores were intended for the evaluators' use at the subfactor level, we also interpreted all scores at the Factor, Element, and Proposal levels based on those definitions. There is mathematical support for applying those ratings upward throughout the evaluation in that all scores were weighted to maintain the 0 to 100 scale.

(b) In interpreting the value of cost adjustments used in arriving at the Most Probable Cost to the Government, it should be understood that these adjustments do not include all of the "fixes" necessary to make the proposal well. The adjustments in personnel requirements (staffing) that the Technical and Management Committees were able to evaluate. The Most Probable Cost



estimate for each proposal represents the most accurate cost that we could arrive at without applying costs where there was no source of numerical data to base a finding.

(c) Concerns/Cautions: We have some concerns and cautions from the overall evaluation effort that we feel important enough to bring to your attention at the close of this report. The data that we have prepared on each proposal is considerable and you should not rely on any single form or summary sheet to arrive at an opinion concerning that proposal. We also caution you (SSA) to look into all of the details that hide behind the scores on these charts and interpret for yourself the instances where "wash-outs" in the scoring system occurred and remind you to apply appropriate considerations to these situations in arriving at your decision.

V. CONCLUSION: This concludes the prepared portion of our Source Selection Report. You are reminded that this report and any material provided with the report to support your decision cannot be removed from this building. We will provide all of the administrative support necessary to document your decision and will be on call if you need further clarification of any of the information in this report. Thank you and good Luck!

**PART V**  
**CONTRACT ADMINISTRATION**

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2	Responsibilities	V-1

## PART V

### CONTRACT ADMINISTRATION

#### INTRODUCTION:

1. General: Appendix BB to the Army FAR Supplement (AFARS) sets forth policy, assigns responsibilities and prescribes procedures to be followed in administering installation support service contract performance. Emphasis is given to the need for cooperation between Contracting Officers and the functional personnel who serve as their authorized representatives, the need for documentation and the application of good business judgment. Appendix BB is applicable to all service contracts in support of Army installations with a contract value greater than \$25,000.

2. Responsibilities:

a. The Contracting Officer will:

(1) Review contracts received for administration.

(2) Appoint Contracting Officer Representatives (COR).

(3) Determine the need for property administration and make the necessary arrangements.

(4) Arrange for postaward orientation conferences.

(5) Monitor Contractor performance.

(6) Coordinate Contractor, technical, and administrative efforts to ensure progress is not delayed by the Government's failure to act.

(7) Prepare appropriate administrative documentation.

(8) Prepare, negotiate, and issue contract modifications.

(9) Resolve adverse actions associated with contract performance.

(10) Provide advice and assistance to all contractual parties upon request.

(11) Review files and close out physically completed contracts.

b. Functional activities/organizations will:

(1) Nominate qualified individuals to serve as authorized representatives.

(2) Provide adequate time for authorized representatives to perform their assigned functions.

(3) Support direct communication between representatives and the Contracting Officer.

*NOTE TO WRITER: Appendix BB to the AFARS provides detailed information on how the above responsibilities are defined and carried out. PWS writers should review the appendix to familiarize themselves with the details required to properly administer an installation services contract. The following aspects of contract administration are discussed in Appendix BB to the AFARS:*

<i>Part 1</i>	<i>-</i>	<i>Introduction</i>
<i>Part 2</i>	<i>-</i>	<i>Contract Administration at the Installation</i>
<i>Part 3</i>	<i>-</i>	<i>Postaward Orientation of Contractors</i>
<i>Part 4</i>	<i>-</i>	<i>Development and Use of Contract Surveillance Plans</i>
<i>Part 5</i>	<i>-</i>	<i>Contract Payments</i>
<i>Part 6</i>	<i>-</i>	<i>Contract Modifications</i>
<i>Part 7</i>	<i>-</i>	<i>Postaward Pricing Actions</i>
<i>Part 8</i>	<i>-</i>	<i>Subcontracting</i>
<i>Part 9</i>	<i>-</i>	<i>Labor Relations and Labor Standards</i>
<i>Part 10</i>	<i>-</i>	<i>Property Administration</i>
<i>Part 11</i>	<i>-</i>	<i>Options</i>
<i>Part 12</i>	<i>-</i>	<i>Disputes and Appeals</i>
<i>Part 13</i>	<i>-</i>	<i>Contract Closeout</i>

## **PART VI**

### **QUALITY ASSURANCE SURVEILLANCE PLANS**

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## PART VI

### QUALITY ASSURANCE SURVEILLANCE PLANS

#### 1. General:

This part describes how to develop and use a Quality Assurance Surveillance Plan (QASP). The QASP, must not be included in the formal Performance Work State ment (PWS).

#### NOTE TO WRITER:

a. FAR Part 46 prescribes policies and procedures to assure that supplies and services procured by the Government conform to the quality and quantity set forth in the contract, and for the acceptance functions associated therewith (see DFARS 246.102 "Policy"). The Government determines the type and extent of Government QA based upon the particular acquisition. Contractors are responsible for carrying out their obligations as set forth in the contract terms and conditions, for controlling product quality, and for offering to the Government for acceptance only those supplies and services conforming to contract requirements, and when required, for maintaining and furnishing substantiating evidence of this conformance.

b. A surveillance plan must be provided to potential Contractors as information only, not as part of the contract, IAW Part II of the supplement to OMB Circular A-76 when conducting CA reviews. It is essential that the writer be familiar with Part 46 policies and procedures prior to development of the surveillance plan. Contractors must meet QA Program requirements expressed in DOD 4155.1 and as described by FAR Subpart 9.104 in order to be awarded a contract. Contractors are responsible for QC.

c. IAW FAR Subpart 1.602-2 Contracting Officers are responsible for ensuring performance of all necessary actions for effective contracting, ensuring compliance with the terms of the contract, and safeguarding the interests of the United States in its contractual relationships. The Contracting Officer must also ensure that Contractors receive impartial, fair, and equitable treatment. This often results in complaints that the Contracting Officer does not "support" the user. In any case of ambiguity the Contracting Officer must determine in favor of the Contractor. Properly written specifications and surveillance plans will preclude most problems of this type.

d. IAW Chapter I, paragraph C.3 of the supplement to OMB Circular A-76, existing contracts should be continually monitored to ensure performance is satisfactory and cost effective. In addition, when contract costs become unreasonable, or performance becomes unsatisfactory, a cost comparison of a contracted activity must be performed IAW Parts II, III, and IV of the supplement, if competition with other satisfactory commercial sources does not result in reasonable prices and in-house performance is feasible. Where performance is unsatisfactory and efforts to obtain satisfactory performance fail, termination IAW FAR Part 49 must be considered.

e. IAW AR 5-20, the roles and responsibilities of each key player in contract administration should be clearly defined, agreed to before contract start date, and documented as part of the contract administration plan. The installation should also consider (among other methods) using a positive incentive program for encouraging excellence for quality efforts. DA Pam 715-15 outlines contract administration procedures to be used for Army contracts.

#### 2. Purpose:

a. When the Government purchases services, there must be some means provided to attest to the value received for moneys spent. To do this, the Government must be able to confirm that the quantity and the quality of services received conform to contract requirements. The recipient (sponsors) of the contracted services are responsible for developing and implementing procedures that assure that the Government is getting the services that were contracted. These procedures are called quality assurance (QA). Contractors, on the other hand, are responsible for providing quality control (QC). QC controls the service producing process and insures that the desired level of output quality is maintained. Agencies must insure no contract limits the Government's right to inspect. (Ref. FAR Part 46, DFARS Part 246, and DA Pam 715-15)

b. If the Government accepts anything less than 100 percent of contract requirements, the Contracting Officer must take some appropriate action such as deductions for services not rereceived. Acceptance of anything less could indicate that an installation has overstated its requirements. According to current acquisition regulations, overstatement of requirements results in an illegal contract.

A Contractor who provides anything in excess of contract requirements does so at his own risk.

c. QA surveillance enables the Government to draw conclusions about a Contractor's performance and to document those conclusions. The type of conclusions that can be drawn from surveillance depends on the evaluation method used. Conclusions can range from cursory to exact. The closer to exact the conclusions, the easier it is to convert them into corrective actions.

3. Performance Requirements Summary Table : In a CA review, the PWS should include a Performance Requirements Summary Table (Ref.: DA Pam 715-15). That table will contain a schedule of reduction percentages and the solicitation must include an explanation of how deductions for inadequate performance will be calculated. The table is also included as part of the QA Surveillance Plan.

4. Information Purposes Only Statement : A QA Surveillance Plan must not be incorporated as part of a contract. Accordingly, it is attached as information only with the solicitation, and a statement along the following lines must be inserted on the front cover:

"This plan is provided for information purposes only. This Quality Assurance surveillance plan is not part of the Request for Proposal (or Invitation for Bids) nor will it be made part of any resulting contract. The Government has the right to change or modify inspection methods at its discretion."

5. Organization of QA Surveillance Plan : Written QA Surveillance Plans may cover one (1) or several functions. If several functions are included, there should be a general section and specific appendixes as described below. If only one function is included the information should be combined with the general section.

a. General Section: The general section should cover the following information on all or most functions:

- (1) Surveillance Methods.
- (2) Methods of payment analysis.
- (3) Interpretation of Results.
- (4) Supporting Documentation, e.g., sampling data, performance summaries, complaint records, and discrepancy reports.

b. Specific Appendixes: The appendixes should correspond to the functional areas in the PWS, i.e., one (1) appendix for each function. Each appendix should contain the following:

- (1) Performance Requirements Summary Tables.
- (2) Sampling Guides.
- (3) Inventory of Services Worksheets.
- (4) Inspection Checklists.
- (5) QA Evaluator Schedules.

6. Deficiencies:

a. The QA program will facilitate determination of the effects of quality deficiencies on price. Concern is with the services provided, not with the procedures used to produce the services. If performance of any required service is unsatisfactory or not performed, and that performance or nonperformance is the result of actions (or lack of action) by the Contractor, the Government may reduce the contract price to reflect the reduced value of the services not performed in accordance with the "Inspection of Services" clause. (Ref. FAR 52.246-1 through 52.246-14 and DFARS 252.246-7000)

b. Thorough documentation of unperformed or unsatisfactory work is essential. This is done by routing factual reports prepared by trained inspectors describing the nonperformance to the Contracting Officer. Normally such documentation is developed by the Contracting Officer Representative (COR), quality assurance evaluator (QAE) or inspector. Then the documentation is forwarded to the Contracting Officer together with any recommendations for reductions. Decisions on reductions can be made only by the Contracting Officer.

7. Award Fees: Some contracts provide Contractors with incentive or monetary awards for good performance. In such cases surveillance provides underlying data for determination of the size of the award fees. The extent to which such procedures have been rigidly structured and formalized varies from contract to contract.

8. List of Acronyms:

AQL Acceptable Quality Level

CDR Contract Discrepancy Report  
 COR Contracting Officer Representative  
 PRS Performance Requirements Summary  
 PWS Performance Work Statement  
 QA Quality Assurance  
 QAE Quality Assurance Evaluator  
 QASP Quality Assurance Surveillance Plan  
 QC Quality Control  
 QCP Quality Control Plan

9. Definitions: Following are terms used frequently in a QASP.

a. Acceptable Quality Level: The maximum percent defective, the maximum number of defects per 100 units, or the number of defects in a lot that can be considered satisfactory on the average. The allowable leeway or variance from a standard before the Government will reject the specific service. The AQL does not mean that the Contractor may knowingly offer defective service. It implies only that the Government recognizes that defective performance sometimes happens unintentionally. As long as the percent of defective performance does not exceed the AQL, the total service will not be rejected by the Government. The Contractor, however, must reperform the defective service when possible. Possibility of reperformance will be determined only by the Contracting Officer.

b. Lot: A collection of service outputs from which a sample is to be drawn and inspected to determine conformance with the standard.

c. Lot Size: The number of service outputs in a lot.

d. Percent of Sample Found Defective: Determined by dividing the number of defects by the sample size. The resulting number is used to make an equitable deduction from the contract price for unsatisfactory work or nonperformance by the Contractor.

e. Performance Indicator: A characteristic of a task which indicates the level and/or quality of a performed service.

f. Performance Value: A composite of a standard and an acceptable quality level which describes the quality of an output of a work process.

g. Quality: That stage of the contracting cycle in

which one determines that the Contractor's work satisfies the requirements of the contract.

h. Quality Assurance: Those actions taken by the Government to insure goods or services meet the requirements of the contract.

i. Quality Assurance Evaluator: A Government official responsible for evaluating the Contractor's performance.

j. Quality Assurance Surveillance Plan (QASP): An organized written Government document used for quality assurance surveillance. The document contains sampling guides, checklists, performance requirement summaries, and decision tables.

k. Quality Control: Those actions taken by a Contractor to control the production of goods or services to insure that they meet the requirements of the contract.

l. Random Number Table: A table of numbers arranged in a random fashion. A table used to make random samples.

m. Random Sample: A sampling method whereby each service output in a lot has an equal chance of being selected.

n. Sample: A sample consists of one (1) or more service outputs drawn from a lot, the outputs being chosen at random. The number of outputs in the sample is the sample size.

o. Sampling Guide: The part of the surveillance plan which contains all the information needed to perform a random sample.

p. Sampling Plan: A plan which indicates the AQL, the number of units from each lot which are to be inspected (sample size) and the criteria for determining the acceptability of the lot (acceptance and rejection numbers). Used to develop the sampling guide.

q. Service Requirement: A job to be performed to the specified standard and within the acceptable quality level. The Contractor must do the specific job, meet the standard, and meet the acceptable quality level before performance is acceptable and Contractor be paid.

r. Observed Defect Rate (ODR): A measure of the

Contractor's performance based on actual observation. For random samples ODR's are stated as a ratio of the number of observed defects compared to the number of evaluations conducted. For planned sampling, and

customer complaints, ODR's are stated as the actual number of defects documented.

10. Performance Requirements Summary Table Format: This paragraph describes the content of a Performance Requirements Summary Table. This table must be included in the solicitation as a technical exhibit to the PWS. It is also included as part of the QA Surveillance Plan. A Performance Requirements Summary Table should be completed as follows. (See example on following page)

a. Service Requirement (column 1): This column should contain a brief summary of each service requirement either identified as line or subline cost items or other services within the line or subline cost items. All service requirements to be monitored must be included. When deciding how to express the requirements, consideration should be given to surveillance methods to be used.

b. Contract Paragraph Number (column 2): This column should list the paragraph in the PWS which specifies the service requirement.

c. Standard (column 3): This column must describe the standard to be met. It should be written in objective, measurable terms. References to standards contained in referenced documents also may be used.

d. Maximum Allowable Degree of Deviation from Requirement (AQL) (column 4): This column should show the minimum acceptable quality level (AQL). Technically, it is a modification of the standard. It should be stated as either a defect rate (percentage) or an absolute number per time period (month). If payment analysis is to be used, the size of the population (lot size) also must be defined. The lot size is the number of times that the service (or individual jobs) is to be performed during a specified time period (normally one (1) month).

e. Method of Surveillance (column 5): This column should show the method of surveillance anticipated for the service requirement. More than one (1) method may be shown for each service requirement. The Government is not restricted to using the following methods:

- (1) Random sampling.
- (2) Planned sampling.
- (3) 100-percent inspection.



(4) Validated complaints.

each other, performance oriented, clearly measurable, and surveillant. Many real property maintenance activities

(5) Unscheduled inspection.

***NOTE TO WRITER:** If payment analysis is specified in the contract, then the method of surveillance must be shown in Column five (5) of the PWS Performance Requirements Summary Table. If payment analysis is not used, the column is usually left blank. However, it should be completed as part of the QA Surveillance Plan.*

*(1) **Advantage of Excluding from PWS:** Release of the information in this column could be detrimental to the Government, as the Contractor could take advantage of the information and provide incomplete service. Moreover, disclosure of the information may tend to restrict the Contracting Officer's flexibility in administering the contract.*

*(2) **Advantages of Including in PWS:** The above arguments are not conclusive. Indicating planned (one (1) of the five (5) types) surveillance methods tends to promote good Government-Contractor relations, forces the Government to determine how the contract will be monitored, and gives the Contractor a better understanding of the performance expected of him. Moreover, the surveillance methods are not binding on the Government.*

*(3) **Local Determination:** The release of surveillance methods to potential Contractors depends upon the functions being monitored and the installation personnel and practices. The issue should be resolved by functional and contracting people, preferably at the local level.*

f. **Reduction from Contract Price for Exceeding AQL (column 6):** This column shows the percentage of the contract price for a given functional task that may be reduced if the service requirement is not satisfied. (The Contracting Officer may add other costs in accordance with the General Provision of the contract entitled "Inspection of Services-Fixed Price" FAR 52.246-4 (the clause is dependent on type of contract, which could include costs to Government of reinspection and tests.) The reduction percentage for each service requirement should be proportional to the cost of providing the service. Reduction percentages for all services shown for a function should total 100.

(1) **Payment Analysis:** The use of formal reduction percentages is called "payment analysis." It is most appropriate when service standards are independent of



(RPMA) services meet this criteria reasonably well. These include RPMA services such as the operation and maintenance of utilities, e.g., electric, heating, water, sewage plants, fire fighting, PM, or emergency work. For those service requirements where nonperformance or unsatisfactory performance results in the value of the unacceptable service being lost to the Government, reductions as set forth in the performance requirement summary should be made.

(2) Calculations: If an AQL of 10 percent or higher for a billing period is not satisfied and payment analysis is used, the reduction for the billing period is determined as outlined in DA Pam 715-15. This should be documented in SECTION E, Inspection and Acceptance.

(3) Completion: When using a request for proposal (RFP) the specific percentages shown in this column should be negotiated with the Contractor. When the Government issues an RFP, this column should be left blank. Contractors are asked to complete the column as part of their proposals. The Government makes independent estimates of the percentages. The Contractor's figures are reviewed for reasonableness. The percentages to be used in the contract are determined during contract negotiations.

(4) Award Fees: Payment analysis is not used in cost-plus award fee type contracts. In this type of contract, column six (6) may be used to show the weights that each service requirement will have in determining the award fee. The weights for all services for a function should total 100.

#### 11. Surveillance Methods:

a. A QA plan for any given service contract may utilize one (1), two (2), or all five (5) of the following methods to evaluate the Contractor's performance:

(1) Random Sampling: Surveillance based on random sampling is a QA evaluation method designed to evaluate some part, but not all, of the contract service requirement being monitored. This method, based on statistical theory, estimates the Contractor's overall level of performance for a given service requirement. Random sampling is the random evaluation of any occurrence of a given service contract requirement. With this type of surveillance, the Contractor is unable to second guess which occurrences are most likely to be evaluated. The specific occurrences of work selected to be monitored are not affected by Government bias; all occurrences of a

service are assumed to be equally important. Random sampling should be considered where there is a large homogeneous population and a 100-percent inspection is not required or feasible. Random sampling requires that an evaluation schedule of the scheduled services be prepared prior to evaluation. Surveillance of the outputs of an unscheduled service is based on samples drawn from accomplished work. Results are compared for conformance to performance standards.

(2) Planned Sampling: Evaluation by planned sampling, like evaluation by random sampling, is designed to inspect some part but not all of the contract requirement being monitored. Specific occurrences of contract requirements that are to be monitored are selected for evaluation prior to their scheduled accomplishment. Planned sampling differs from random sampling in the way in which samples are selected. Sample selection is based on some subjective rationale and sample size is usually arbitrarily determined. QA plans based on planned sampling are useful when the Contractor's performance in a selected unit of service or a particular location is poor. With this type of evaluation, the Contractor knows that work performed in selected areas is more likely to be monitored than work in other areas. This type of evaluation also enables the Government QAE to direct efforts to those areas where sampling is most needed. Planned sampling, unlike random sampling, does not provide a means of comparing the Contractor's observed performance and true performance. The Contractor's overall level of performance cannot be determined by planned sampling. Planned sampling provides a systematic way of making a subjective (biased) evaluation of service outputs to form conclusions about the Contractor's level of performance.

(3) A 100-Percent Inspection: A 100-percent inspection requires a total, or a 100-percent inspection of a contract requirement. This approach is best suited for monitoring scheduled contract requirements that occur infrequently or are of great importance. It is an expensive and time-consuming method which should be used sparingly.

(4) Validated Complaints: The validated complaints QA method is based on customer awareness. Customers familiar with contract requirements monitor the services provided by the Contractor. When there is a case of poor performance or nonperformance, the customer notifies the Government QAE who then investigates the report and, if it is found to be valid, documents it. The number of complaints and resulting inspections depends on

the customers. This method requires good public relations between the Government QAE and customers. Poor customer/Government QAE relations will result in poor quality assurance utilizing this method. QA inspections based on validated customer complaints cannot be scheduled prior to work accomplishment. This method should be supplemented with other surveillance techniques.

(5) Unscheduled Inspection: The unscheduled inspection method consists of impromptu evaluations of contract performance requirements whenever the Government QAE feels there may be a need. This method is similar to planned sampling. The major exception is the omission of a preplanned schedule. This type of evaluation should only be used to support other evaluation methods.

12. Considerations in Choosing Surveillance Methods: Several surveillance methods may be used to evaluate contract performance requirements. Methods are selected based on the type of requirement to be monitored, other surveillance requirements, and unique considerations of an activity. Selection of efficient methods should be based on several factors.

a. QA Evaluation Resources: Surveillance plans must reflect efficient use of QA evaluation resources. A 100-percent inspection requires significant Government QA evaluation time, while the validated complaints methods requires much less. A combination of surveillance methods should be considered to achieve the best surveillance coverage possible for the given number of Government QAEs.

b. Population Size: Population (or lot) size refers to the number of scheduled, or expected, occurrences of a service over a given period of time. The actual number of occurrences will depend on how a unit of service is defined. Frequency of services may be daily, weekly, monthly, etc. Lot size is easy to determine for scheduled services. When services are performed on a random or "as needed" basis, population (or lot) size must be estimated from historical, projected data or Contractors production schedules.

c. Large Populations: A 100-percent inspection is not suited for evaluation of large populations, as it would be extremely time consuming and expensive for the Government to implement. Random sampling is ideally suited to evaluating large, homogeneous populations.

d. Small Populations: Small populations (less than 50) are not suited to evaluation by random sampling

because the sample size required tends to be a large proportion of the population. Planned sampling or a 100-percent inspection should be used for small populations.

e. Relative Importance: Some contract requirements are more important than others. Nonperformance or poor performance of a PWS requirement may affect an activity's mission. If this is the case, that requirement should be considered very important. If a single unit of a service is expensive to perform or to correct if improperly performed, that requirement may also be deemed important. If, on the other hand, the omission of a single occurrence of an item of work has little or no effect (e.g., empty ashtrays), the service may be relatively unimportant. A 100-percent inspection might be considered for important activities. One of the other sampling methods or customer complaints might be considered for activities deemed less important.

f. Travel Considerations: Evaluation of some services requires that the Government QAE travel to locations where the services are performed (e.g., Contractor's compliance with street sweeping schedules, performance of repair work, etc.). Other requirements may be evaluated at one (1) location (e.g., properly completing service call reports, keeping vehicle logs up-to-date, etc.). Planned sampling should be considered for evaluating services located at several sites to conserve Government QAE travel time (unproductive time). Random sampling should be considered for activities that can be evaluated at one (1) or a few locations.

g. Continuous Requirements: If a contract requirement is continuous in nature, a 100-percent inspection is not feasible since it would require the Government QAE to be on the site full time. Examples of continuous requirements are requirements such as manning the fire station and maintaining a minimum quantity of drinking water.

h. Unscheduled Services: Unscheduled services include responding to emergency service calls, processing individual work orders, and dispatching vehicles. Such services cannot be evaluated by a method that requires prescheduling inspections to monitor accomplishment of work. However, it is possible, but not required, to schedule retrospective inspection of service outputs such as logs, work orders, or other written records.

i. Deductions: The use of payment analysis has important implications on surveillance methods. In particular, since planned sampling, validated complaints, and unscheduled inspection do not give unbiased estimates of the percentage of work performed satisfactorily, normally they should not be used where payment analysis is required. Deductions are limited to the work that is documented as not performed or performed unsatisfactorily. A 100-percent inspection provides excellent documentation for deductions; random sampling also is good. However, great care must be taken to insure that samples are unbiased and that sample sizes are adequate.

### 13. Methods of Payment Analysis:

a. Random Sampling: The random sampling procedures described herein are based upon US Army research, US Navy publications, and MIL-STD-105E. They consider the population (lot) size, sample size, and AQL for each contract requirement. Use of MIL-STD-105E alone is not adequate for RPMA service contracts.

(1) AQL: The AQL is a predetermined value selected and used by the Government QAE to distinguish between satisfactory and unsatisfactory performance. For evaluation by random sampling, AQLs are stated in percentages (e.g., 4%, 10%, 15%, etc.). Since random sampling provides only an estimate of the true rate, a margin for error must be used. This is done by specifying accuracy requirements and statistical confidence levels.

(2) Level of Surveillance: Identify which of the three (3) levels of surveillance will be used for the method of surveillance, column five (5) of the PRS. The three (3) levels are, normal (Level II), tightened (Level III) and reduced (Level I). The rule in selecting the initial level of surveillance is to always begin with Level II.

(a) Normal Inspection (Level II): Normal inspection should be applied to good but not exceptional Contractor performance. This level should be used for all service requirements listed in the PRS when a contract is first implemented.

(b) Tightened Inspection (Level III): Tightened inspection should be applied in the case of poor or unsatisfactory Contractor performance for any service requirement which does not meet the AQL.

(c) Reduced Inspection (Level I): Reduced inspection should be applied in the case of

exceptional Contractor performance. This level of surveillance may be used for any service requirement which exceeds good Contractor performance.

(3) Method: To obtain valid results, a random sampling evaluation must be established in a prescribed way, with detailed inspection schedules developed, documented, and followed. The following are required for a random sampling inspection plan:

(a) Population Size: A unit (e.g., single occurrence) of output for each service that is to be monitored by random sampling should be the same as that defined in the Performance Requirements Summary Table. The number of occurrences per month (frequency times number of outputs) of that service is the population (lot) size subject to inspection.

(b) Sample Size: Sample size requirements for random evaluation are determined by using Sample Size and Rejection Level tables.

(c) Random Sampling Procedures: A random sample of outputs to be evaluated must be selected, using DA Form 5474-R, the Contractor's submitted work schedules, and a random number table.

(d) Analysis: Observed defects in services monitored by random sampling will be totaled at the end of each month. For each service the total number of defects will be compared to the reject level in the Sample Size and Rejection Level tables used. When the observed total number of defects is less than the reject level, the Contractor's overall performance for the given service evaluated is satisfactory. When the observed total number of defects is equal to or greater than the reject level the Contractor's overall performance is judged to be unsatisfactory, further inspection or corrective action is indicated and should include review of Contractor's QC program.

b. Planned Sample: A QA Surveillance Plan based on planned sampling is a subjective process. Planned sampling may be used in one of two ways: it can provide a one-time subjective evaluation of Contractor performance or it can be used to detect a change in Contractor's level of performance (i.e., trend analysis). This requires that the sample selection criteria be well documented and consistently applied from month to month and that there are no other intervening factors.

(1) AQL: AQLs are used for planned sampling but carry less importance than when used with random sampling. They are usually stated in terms of the number of defects detected per unit time period rather than as a percentage (i.e., three times per month). There is no specified relationship between sample size and AQL, but there should be a positive correlation between them. The rule for choosing the AQL for planned sampling is to consider the number of defects in a specified sample size (i.e., five (5) out of 25) that it would take to indicate performance is unsatisfactory.

(2) Level of Evaluation: The levels of evaluation appropriate for planned sampling are judgmental. In order to achieve maximum benefits from planned sampling, the sample selection criteria should be applied consistently from period to period. The number of evaluations conducted may be reduced in those instances where the Contractor has established a good performance record. In the case of poor performance, the Government QAE should increase the level of evaluation, focusing on known problem areas. In either case, the reasons for the change should be documented.

(3) Method: In order to obtain a reliable indication of Contractor performance, a planned sampling evaluation method must be documented and applied consistently. Validated complaints are a good supportive surveillance method.

(a) Population Size: The first step in this procedure is to define a unit (e.g., single occurrence) of output for each service that is to be monitored by planned sampling. This is not as important for planned sampling as it is for random sampling since sample size requirements are not needed. However, it is useful to compare the population (lot) size with the number of evaluations to determine the extent of surveillance coverage.

(b) Sample Selection: Next, the Government QAE must document the criteria to be used for sample selection. The documentation should include rationale for criteria, sample size requirements, and impact on services that receive little or no evaluation.

(c) Worksheets: To complete QA plans and worksheets for planned sampling, locations are selected from the Inventory of Services Worksheet based on the established selection criteria. Selected locations are compared against the Contractor's work schedule. If work is scheduled for accomplishment on that day, the location is

listed on the evaluation schedule.

(4) Evaluation: Evaluation of Contractor performance using defect rates based on planned sampling is not as exact as evaluations using defect rates based on random sampling. It is a more subjective assessment. AQLs are used as benchmarks for planned sample results. That is, when the number of defects exceeds some specified number (e.g. three (3)) overall performance is considered unsatisfactory.

(5) One-Time Subjective Evaluation: The magnitude of the defect rate may be sufficient to initiate action in addition to any normal deductions taken. If the defect rate is large and there is no apparent cause, the Government (QAE) should investigate the problem.

(6) Analysis: At the end of each month, summary data on planned sampling evaluation results will be prepared. Observed defect rates (ODR) will be computed by dividing the number of inspections defective by the total number of inspections.

(7) Trend Analysis: Defect rates based on planned sampling can be used to indicate trends. By monitoring defect rates over a time period, based on similar inspection criteria, changes in the level of Contractor performance can be detected.

c. A 100-Percent Inspection: A 100-percent inspection requires that every occurrence of a performed service be monitored. Contract requirements subject to evaluation by this method are those that occur infrequently, are essential, and are costly to perform. Evaluation schedules for 100-percent inspections will be prepared each month, just as they are for random and planned sampling.

(1) AQL: AQLs may be stated as either percentages or absolute numbers.

(2) Performance Evaluation: The defect rate computed will reflect the Contractor's actual level of performance since all work was evaluated. The computed defect rate is compared to the AQL. If the defect rate is greater than the AQL, the Contractor's overall level of performance for that contract requirement is classified as unsatisfactory. If the observed defect rate is less than the AQL, the Contractor's overall level of performance for the item evaluated is classified as satisfactory.

(3) Analysis: Analysis of a 100-percent

inspection results requires the summarization of surveillance data and the computation of defect rates. Defect rates are computed by dividing the number of inspected defects by the number units of work. This gives the actual defect rate.

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Install Equation Editor and double-click here to view equation.

d. Validated Customer Complaints: Even the best QA plan will not allow the Government QAE to check all aspects of the Contractor's performance. Formal customer complaints are a means of documenting certain kinds of service problems.

(1) AQL: AQLs can only be stated in absolute numbers. They refer to the number of validated complaints received over a given time period (usually one (1) month).

(2) Obtaining: An aggressive Customer Complaint Program, once established, should be explained to every organization that receives the Contractor's services. Instructions should be given to each organization outlining the Customer Complaint Program, the format and the content of a formal customer complaint, and the action which can be expected from the Government QAE.

(3) Documenting: Normally, each customer complaint is brought, either in person or by telephone, to the Government QAE. The information is recorded on a Customer Complaint Record by the QAE.

(4) Validating: Upon receipt of a complaint, the Government QAE must investigate to determine if it is valid and, if so, whether the Contractor is at fault. If the complaint is valid and caused by poor performance or nonperformance, the Contractor must be notified and directed to take appropriate corrective action.

(5) Analysis: Validated complaints are summarized by service each month and then reviewed. The results are never combined with other evaluation results. If combined with random sample data, statistical assumptions would be invalid. If combined with planned sample data, trend analysis would not be possible. If customer awareness appears similar from month to month, trend analysis can be used to test for variation in the number of complaints received each month.

NOTE TO WRITER: If corrective action cannot be taken

*due to time constraints or other reason, reductions can be imposed by the Contracting Officer based on the value of the unacceptable service being lost to the Government under the "Inspection of Services-Fixed-Price" clause, FAR 52.246-4.*

e. Unscheduled Inspection: Unscheduled inspection is the impromptu evaluation of contract requirements. It enables the Government (QAE) to monitor and document those contract requirements where increased levels of surveillance are deemed necessary. Unscheduled inspection is also used to monitor those contract requirements with no specified surveillance method. There is no special procedure to be followed to initiate unscheduled inspections. Whenever an unscheduled inspection is conducted, regardless of the outcome, an unscheduled inspection report is filled out. This form is the official documentation of that evaluation.

(1) Documenting: Whenever unscheduled inspection is conducted, regardless of the outcome, an inspection report is filled out. This form is the official documentation of that evaluation. However, when the QAE documents defects caused by poor performance or nonperformance, the Contractor must be notified and directed to take appropriate corrective action.

(2) Analysis: Inspection results are summarized each month by service. This data is reviewed but never combined with other evaluation results. Combining with random sampling data would make statistical assumptions invalid; combining with planned sampling or customer complaint data would make trend analysis impossible. Unscheduled inspection data are used only to support results achieved through other evaluation methods and to provide the data required for the day-to-day administration of the contract.

NOTE TO WRITER: *Deductions for nonperformance can be imposed through the "Inspection of Services Clause" i.e., the Government can deduct from a Contractor's payment an amount equal to the value of services not provided plus any additional costs to the Government caused by nonperformance or unsatisfactory performance. (See Note to Writer in Section E, Part VII)*

14. Interpretation of Results: An analysis of results for each service, performed each month, will produce one of the following outcomes:

a. Excellent Performance: When there are few or no deficiencies noted and the Contractor has performed in the best possible manner, the Government QAE may reduce the level of surveillance if approved by the Contracting Officer. The QAE should recommend to the Contracting Officer that the Contractor be informed of his excellent performance, and the excellent performance for that month should be recorded.

b. Good Performance: When a Contractor's Quality Control program works, good performance results. When the Contractor's performance is satisfactory, with the number of defects never exceeding the AQL's for planned sampling, 100 percent inspection, or validated complaints, or equal to or greater than the reject level for random sampling, the Government QAE should suggest the following:

(1) That reductions be made from the monthly payment for all documented defects not corrected or nonperformed, based on type of payment analysis on each service performed that month.

(2) That a reduced level of surveillance be used when the following conditions have been met.

(a) The proceeding month's work (or number of months as specified in the QA Plan) has been acceptable.

(b) The percentage or number of defects in the preceding month(s) is less than one half of the AQL.

(c) The normal sample size is being used.

(3) Returning to normal level of surveillance. When reduced level of surveillance is in effect, return to normal level of surveillance the next month under the following conditions.

(a) When the percentage or number of defects exceeds the AQL under reduced level of surveillance during the month.

(b) The Contracting Officer deems it necessary to return to normal level of surveillance.

c. Unsatisfactory Performance: When the percentage or number of defects shown exceeds the AQL for any service, the Contractor's performance is unsatisfactory and unacceptable. The QAE should suggest one (1) or more of the following actions be taken:

(1) That the Contracting Officer, COR, and QAE meet with the Contractor to discuss discrepancies, quality control, trends, and intended corrective measures.

(2) That the Contracting Officer issue a Contract Discrepancy Report (CDR), DA Form 5479-R, for each service requirement that exceeded its AQL. If the failure is serious enough, recommend issue of the CDR at the time of the unsatisfactory performance, rather than at the end of the month.

(3) If a third CDR must be issued to achieve satisfactory performance in (the) that specific service, consider recommending issuing a cure notice. (However, a cure notice can be issued sooner, if necessary.)

(4) That deductions be made from the monthly payment for all documented defects not corrected or for nonperformance, based on type of payment analysis on each service performed that month.

(5) That the level of surveillance be set as close to 100 percent inspection as possible or practicable to provide the Government with supportive data for additional action or until performance becomes acceptable, whichever occurs first.

(6) In all instances of unsatisfactory service in critical or important areas, review Contractors QC program. Insure Contractor continues to maintain an effective QC program.

d. Monthly Performance Summary: The surveillance results of each service requirement should be summarized monthly. DA Form 5481-R should be used.

15. Supporting Documentation: In order for the Government QAE to effectively use any of the given evaluation methods, detailed procedures for documenting performance must be developed. There are several supporting documents that may be useful in preparing a specific surveillance plan. Some of the more common ones are described below.



a. Sampling Guide: For each service requirement to be monitored by random sampling, planned sampling, 100 percent inspection, customer complaint or unscheduled inspection, a sampling guide should be prepared. This describes the manner in which sampling is to be performed, which includes the minimum AQL, the lot size, the sample size, the sampling procedure, the inspection procedure, and the performance criteria.

*NOTE TO WRITER: Some sampling guides may require the population (lot) size and the sample size be left blank. These lot sizes and sample sizes may be unknown until the Contractor submits their work schedules and the quality control program.*

b. Inspection Checklist: A DA Form 5481-R should be developed for each service requirement to be monitored. This document is completed by the inspector during an inspection. It shows the specific tasks to be checked and whether the inspected work is acceptable. Specific comments are written on the bottom of the checklist. The Inspection Checklist is the formal documentation for all Government (QA) evaluations performed and it is used by the Government QAE to bring discrepancies to the Contractor's attention. All instances of noncompliance detected will require Contractor initials on the original Inspection Checklist, indicating notification of the problem.

c. Inventory of Services: An Inventory of Services should be developed for most of the service requirements to be monitored by sampling. This is simply a list of services to be monitored in numerical sequence. The worksheet serves two purposes: it provides a comprehensive listing of services required and it helps to select services for inspections when one of the sampling methods is used. The worksheet lists each unit of a service requirement. Each unit is assigned a sequential number of three (3) digits, e.g., 001 to 999. This type of numbering system facilitates random sampling. For services performed by work orders (e.g., individual job orders, service orders) the log of work orders can be used in lieu of a separate Inventory of Services.

d. Evaluation Schedule: Each service requirement to be monitored will have an evaluation schedule completed on a regular basis, normally weekly or monthly. It is completed using the desired methods of surveillance and evaluation procedures described above. Once it is completed, the QAE accomplishes the evaluations using the Inspection Checklist. Evaluation schedules that indicate service requirements on any given day permit inspectors to

plan their work in advance to best advantage and eliminate potentially wasteful actions (e.g., excessive travel time between inspections).

e. Other Sources: There are other information sources the Government QAE must use in order to implement a QA plan. For example, the Contractor usually is required to submit a detailed work schedule. This information is required by the Government QAE in order to provide timely evaluations of performed work. The Government QAE, while selecting service requirements for potential work performance evaluation from the Inventory of Services, will refer to the work schedule to determine the work is scheduled.

#### 16. Personnel:

##### a. Number:

(1) An adequate level of staffing is required to make any QA program work well. There are two (2) approaches to staffing for contract surveillance:

(a) Write the QA program that accommodates the number of inspectors expected to be available.

(b) Write the QA program that provides the desired level of surveillance and staff.

(2) Both approaches involve converting specified levels of surveillance into work hour requirements or vice versa. QA plans and subsequent inspection schedules provide a means of relating levels of surveillance to inspection work hour requirements. These documents, if properly prepared, will identify both levels of surveillance and staffing for efficient contract surveillance.

b. Qualifications: CORs and QAEs performing QA functions must have well-defined responsibility, authority, and the organizational freedom to identify and evaluate quality problems, and to initiate, recommend, or provide solutions. Contracting Officers appoint CORs using nominations normally made by the functional manager (e.g., Director, Engineering and Housing). The functional manager must use extreme care to nominate people who are fully qualified, by grade level and experience, to provide surveillance and documentation meeting the requirements of the plan. Before appointing an individual nominated for COR, Contracting Officers must assure themselves that the recommended COR possesses sufficient qualifications and experience. COR actions have

great impact upon satisfactory performance of a contract.

c. An adequately trained quality assurance staff should be in place prior to start of any work under contract.

d. The Contracting Officer must decide prior to developing QA surveillance plans whether contract monitoring is accomplished by a contract administration team under the direct supervision of the Contracting Officer, assisted by COR/QAE, etc., or whether the contract administration is accomplished in its entirety at the contracting office level.

17. DA Forms: DA Pam 715-15 contains copies of all DA Forms that will be required for use by the installation in developing quality assurance and surveillance plans.

*NOTE TO WRITER: Volume III should be consulted for additional information and examples on Quality Assurance Documentation.*